Wednesday
9th February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)]

Official Report

Volume I, 1949

(1st February to 17th February, 1949)

Fourth Session

OF THE

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

1949

Chamber Fumigated 18.10.73

CONTENTS

Volume I—1st February to 17th February, 1949

	Pages
TUESDAY, 1ST FEBRUARY, 1949—	
Starred Questions and Answers	1—30
Statements laid on the table	31—155
WEDNESDAY, 2ND FEBRUARY, 1949—	
Starred Questions and Answers	157-202
Unstarred Question and Answer	202—03
THURSDAY, 3RD FEBRUARY, 1949—	
Starred Questions and Answers	205—56
Appendix	258—308
FRIDAY, 4TH FEBRUARY, 1949—	
Starred Questions and Answers	309—43
MONDAY, 7TH FEBRUARY, 1949—	
Starred Questions and Answers	345—73
TUESDAY, 8TH FEBRUARY, 1949—	
Starred Questions and Answers	375—421
Short Notice Question and Answer	421—22
WEDNESDAY, 9TH FEBRUARY, 1949—	
Starred Questions and Answers	423—58
Request for English Translations of Answers to Supplementary Questions	459
THURSDAY, 10TH FEBRUARY, 1949—	
Starred Questions and Answers	461—510
Short Notice Question and Answer	510—11
Premature publication of Short Notice Question in newspapers	511
Supply of Advance Copies of Answers to Questions, etc., to Members	511—13
FRIDAY, 11TH FEBRUARY, 1949—	
Declaration by Members	515
Starred Questions and Answers	515—43
Unstarred Questions and Answers	543—46
Questions wrongly addressed to other minister	546
Appendix	547—654
MONDAY, 14TH FEBRUARY, 1949—	
Starred Questions and Answers	655—83
Unstarred Questions and Answers	683—86
Short Notice Question and Answer	686
TUESDAY, 15TH FEBRUARY, 1949—	
Starred Questions and Answers	687—736
Unstarred Questions and Answers	737—40
WEDNESDAY, 16TH FEBRUARY, 1949—	
Starred Questions and Answers	741—74
Unstarred Questions and Answers	774—76
Short Notice Question and Answer	776—78
THURSDAY, 17TH FEBRUARY, 1949—	
Starred Questions and Answers	779—807
Short Notice Question and Answer	807

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART I —QUESTIONS AND ANSWERS)

Wednesday, 9th February, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

THEFT OF ARMS AND AMMUNITION FROM ORDNANCE FACTORIES AND DEPOTS

*224. **Shrt R. K. Sidhva:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that a large quantity of Arms and Ammunition is being stolen from the Ordnance Factory and depots at Kirkee (Poona)?

(b) Is it a fact that recently 26 brand new sten guns from the Central Ordnance Depot at Jubbulpore were stolen?

(c) Were these guns under safe custody, where were they stored and how did the theft take place?

(d) Has any enquiry been instituted and if so, with what result?

(e) What steps have Government taken to check the thefts of arms from Ordnance Depots and Factories?

The Honourable Sardar Baldev Singh: (a) and (b). No.

(c) and (d). Do not arise in view of the answer to part (b).

(e) Government are fully conscious of the necessity for the enforcement of the strictest measures for the prevention of thefts from Ordnance installations, and all possible steps have been taken in this direction. Regulations exist to prevent all conceivable opportunities for theft, and Ordnance Establishments have been enjoined to observe them strictly. Disciplinary action is being taken in cases where laxity of security measures is detected.

Shri R. K. Sidhva: Is it not a fact, Sir, that an open stotement was made by a witness in the Mahatma Gandhi murder trial that he stole certain number of the guns and arms from the Kirkee Factory? Is it a fact that that statement has been recorded in the Court? If that is so, may I know whether it is true?

The Honourable Sardar Baldev Singh: Sir, there was a report about the loss of 26 sten guns. It was investigated and found to be incorreot.

Shri R. K. Sidhva: Arising out of part (b) is it a fact that the police made enquiries and they found, when opening the room, that out of twenty-six braud new sten guns only six were there? May I know how the discrepancy of twenty was accouuted for?

The Honourable Sardar Baldev Singh: I cannot say what the honourable member is aiming at, but as far as the theft of twenty-six sten guns reported from the Jubbulpore Ordnance Depot is concerned, an enquiry was made and the report was founded to be incorreot.

Shri R. K. Sidhva: I am driving at this fact, Sir. A search was made by the police on behalf either the Provincial Government or the Government of India,

and while opening the room the following day in which these twenty-six guns were kept, six were found and twenty were missing. I want to know whether it is a fact and if that is so, what happened to the twenty guns.

The Honourable Sardar Baldev Singh: I cannot say what the result of this search was, but as far as these twenty-six guns were concerned they were found there and the report was incorrect. As regards the police search it is difficult for me to say anything offhand; we can make enquiries.

Shri H. V. Kamath: During the last eighteen months what quantity of arms and ammunition have been irretrievably lost by theft from the various Ordnance Factories and Depots, and how much stolen property has been recovered?

The Honourable Sardar Baldev Singh: I have got no information. I think information to this effect was given in the last Session of the House, but, if the honourable member would put a question I would be prepared to answer it.

Shri R. K. Sidhva: May I know whether in the Kanpore Factory some of the arms were actually stolen and a report was made to the Central Government?

Mr. Speaker: I do not think this question need be put.

Shri R. K. Sidhva: Sir, this relates to Kanpore, not to Jubbulpore.

Mr. Speaker: I see no point in putting these questions now. The police investigations have been there.

Seth Govind Das: As far as this question is concerned, the Defence Minister has accepted that there had been some stealth in the Jubbulpore Depot and so far we have not received any report from the Government as to what has happened.

Mr. Speaker: I do not think that question is worth pursuing.

SALE OF LAND FOR ICE FACTORY IN DELHI CANTONMENT

*225. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that in the Delhi Cantonment area a contractor has been given land without auction, by private treaty, for constructing an Ice Factory and if so, on what terms?

(b) Is it a fact that under the Cantonment Land Administration Rules, land can be given only on premium obtained by auction?

(c) If so, why has there been an infringement of this rule?

(d) Have any other persons applied for land for constructing ice factories?

(e) Is it a fact that previously land for such purposes has been refused to refugees?

The Honourable Sardar Baldev Singh: (a) A contractor was given possession of certain land in the Delhi Cantonment during the war for an ice factory by the local military authorities. No lease of the land was however granted at that time. Government propose now to grant a lease on payment of the estimated market value. As the contractor is already in occupation the lease will be without auction.

(b) and (c). Land is normally given only on premium obtained by auction but land can also be given without auction by agreement, under rule 28 of the Cantonment Land Administration Rules, 1937, by special sanction of Government.

(d) Yes, one application was received.

(e) Yes, the applicant referred to in the answer to part (d) was a refugee. The application was rejected as the particular land applied for was required for the use of the Army.

Shri R. K. Sidhva: The Honourable Minister stated that the land was given before the lease was granted. By whom was it given against the rules of not giving land without lease?

The Honourable Sardar Baldev Singh: As I have already stated in my reply, this land was given in 1945

Shri R. K. Sidhva: May I know if it is a fact that the Deputy Director of Military Lands and Cantonments of the Western Command had opposed this grant?

The Honourable Sardar Baldev Singh: As I have stated this land was given to this person in 1945 and he is in possession of the land. Everybody concerned was consulted, and in view of the difficulty that the person concerned is in possession of the land by agreement, it is now proposed to give this land after payment of the market value by the person concerned.

Shri R. K. Sidhva: What will be the market value? Has it been given, or has it been fixed or is it going to be fixed?

The Honourable Sardar Baldev Singh: I think it has been fixed. I can let the honourable member know what the value is.

Subscription of Loan issued by Government in September, 1948

*226. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Finance be pleased to state whether the 2½ per cent. loan issued by Government in September, 1948 was fully subscribed?

(b) What is the total amount subscribed and were the tenders received at par or premium?

(c) What was the highest amount of loan subscribed by one individual, firm or corporation?

The Honourable Dr. John Matthai: (a) Yes.

(b) The total subscription amounted to Rs. 20,00,50,900 against the offer of Rs. 20 crores when the loan was closed. The loan was issued at par and no subscriptions at a premium were invited.

(c) It is not in the public interest to disclose this information.

Houses of Rulers of States in Delhi and Bombay

*227. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of States be pleased to refer to the answer to my starred question No. 85, asked on the 10th August, 1948 regarding the ownership of houses of Rulers of States in Delhi and Bombay and state whether Government have collected the information promised therein?

(b) Do Government intend to acquire these houses and if not, why not?

The Honourable Sardar Vallabhbhai Patel: (a) I invite attention of the honourable member to the statements placed on the table of the House on 1st February 1949.

(b) The question is under consideration.

Shri R. K. Sidhva: The statement which has been supplied to the House indicates 23 States among which I do not find the names of the big States like Baroda, Hyderabad, Bhopal, Gwalior, Jamnagar and others. May I know why their names have been omitted and whether there is going to be a separate list?

The Honourable Sardar Vallabhbhai Patel: I will enquire about it. I am not in a position to say just now.

Shri H. V. Kamath: May I know whether the matter of the acquisition of these houses is still under consideration?

The Honourable Sardar Vallabhbhai Patel: Yes, it is under consideration.

Shri H. V. Kamath: Are most of these houses lying vacant?

The Honourable Sardar Vallabhbhai Patel: No, no. Most of them are occupied.

Shri Deshbandhu Gupta: May I know whether it is a fact that the sale of some of these houses is being negotiated by the parties concerned with some foreign embassies? If so, have Government taken any steps to stop it till Government takes any decision in the matter?

The Honourable Sardar Vallabhbhai Patel: Instructions have already been issued that no houses are to be sold except to Government. The Government is proposing to take over all the houses by purchase.

Shri Deshbandhu Gupta: Is it not a fact that the United Kingdom is purchasing or has already purchased the Jaipur House for Rs. 41 lakhs?

The Honourable Sardar Vallabhbhai Patel: No final decision has been reached.

Shri H. V. Kamath: Is there any proposal before Government to put these houses to some good use such as hospitals, sanatoria and museums?

The Honourable Sardar Vallabhbhai Patel: There are better uses for these houses than those proposed by the honourable member.

Shri R. K. Sidhva: May I know the total number of these palaces in Delhi?

The Honourable Sardar Vallabhbhai Patel: I am not in a position to give the total number just now, but I will give the information afterwards.

RESTORATION OF SOMNATH TEMPLE, JUNAGADH

*228. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of States be pleased to state whether it is a fact that a fund of one crore is being collected for restoring the Somnath Temple at Junagadh?

(b) If so, has the said sum been collected and have plans and estimates been prepared for the purpose?

(c) Has any money been contributed from the State?

(d) Is it a fact that the Government of India have been in communication with the Afghanistan Government to get back the golden doors of the temple carried away by Mahmood Ghazni?

(e) If so, what is the result of the negotiations?

The Honourable Sardar Vallabhbhai Patel: (a) to (c). No contribution is being made to the fund nor is Government in any way associated with any appeal for the collections to the fund which will be managed by a Board of Trustees. An appeal for rupees one crore for the restoration of Somnath temple and other sacred places in Prabhas Patan and for providing amenities and accommodation for pilgrims visiting these places has been made in a non-official capacity. Promises of donations of a sum of Rs. 25 lakhs have already been received.

(d) No.

(e) Does not arise.

Shri R. K. Sidhva: Arising out of answer to part (d), is it not a fact that Mr. Samaldas Gandhi made a statement that the Government of India has communicated with the Afghanistan Government for the restoration of this temple's golden doors carried away by Mahmood Ghazni?

The Honourable Sardar Vallabhbhai Patel: There is no truth in the statement and probably the report is incorrect.

Shri Deshbandhu Gupta: Will Government consider the desirability of making such a representation to the Afghanistan Government now?

The Honourable Sardar Vallabhbhai Patel: I do not think it is desirable.

Mr. Speaker: Order, order. This is a suggestion for action.

REPRESENTATION OF PHULKIAN UNION IN CONSTITUENT ASSEMBLY

*229. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of States be pleased to state whether any popular Ministry has been set up in the Phulkian Union to carry on the administration in the interim period and if not, why not?

(b) Is it a fact that the only representative from the Union to the Constituent Assembly is a close relative and a nominee of the Rajpramukh, who is the Ruler of Patiala?

(c) How many seats have been allotted to the Phulkian Union in the Constituent Assembly of India, and what steps, if any, have been taken or are being taken to fill up these seats?

(d) Is it a fact that no steps have been taken so far by the Rajpramukh to fill up these seats, notwithstanding the pressing popular demand from the public?

(e) If so, what steps have the authorities concerned taken or intend to take to secure the election of the representative of the people to the Constituent Assembly of India and will selection be held for all the seats?

The Honourable Sardar Vallabhbhai Patel: (a) The formation of a Popular Ministry was announced by the Raj Pramukh on the 18th January 1949.

(b) Sardar Jaidev Singh who is a Member of the Constituent Assembly is not a relative of the Rajpramukh and was a sitting member of the Constituent Assembly when the Union was formed. He is a nominee of the Ruler of Patiala who is the Rajpramukh of the Union.

(c) to (e). Three seats have been allotted to the Phulkian Union in the Constituent Assembly of India. Owing to difference of opinion between the political parties no suitable electoral college has been so far constituted. Now that a popular ministry has come into existence, the Raj Pramukh has been requested to send proposals in consultation with the Ministry.

Shri H. V. Kamath: Are there any other States or Unions of States which, despite their having acceded to India, are still unrepresented in the Constituent Assembly of India?

The Honourable Sardar Vallabhbhai Patel: There is Bhopal unrepresented in the Constituent Assembly. The other Unions are all represented.

Shri H. V. Kamath: What are the reasons for Bhopal's non-representation in the Constituent Assembly?

The Honourable Sardar Vallabhbhai Patel: The choice of the State.

Shri H. V. Kamath: Has the State not been called upon to send representatives to the Constituent Assembly?

The Honourable Sardar Vallabhbhai Patel: The State has been given an opportunity to send a representative.

Shri H. V. Kamath: Is it not mandatory upon the State to send representatives when the Government of India so directs?

The Honourable Sardar Vallabhbhai Patel: There is no obligation.

Sardar Bhopinder Singh Man: Has the attention of the Government been drawn to the unanimous decision of the Provincial Congress Committee in Patiala that they disown any responsibility for this popular government?

Mr. Speaker: Order, order. Identical questions have been dealt with previously about four days ago.

Sardar Bhopinder Singh Man: The Honourable Minister stated that there is some difference of opinion. So I want to ask him whether his attention has been drawn to the unanimous decision of the Provincial Congress Committee.

The Honourable Sardar Vallabhbhai Patel: Unanimous decision about what?

Sardar Bhopinder Singh Man: That they disown any responsibility for this popular Ministry.

Shri Mahavir Tyagi: On a point of order, Sir. Does that arise from this question?

Mr. Speaker: That will be a different matter again.

Sardar Bhopinder Singh Man: Since it is a popular Ministry I am entitled to know whom thie popular Ministry represents.

Mr. Speaker: I think these questions have been answered.

Seth Govind Das: Is it not a fact that even Vindya Pradesh is not represented in the Constituent Assembly? If it is a fact, is it due to the fact that there are differences of opinions there?

The Honourable Sardar Vallabhbhai Patel: I have no information on the subject. So far as I understand, all States are represented except Bhopal and Hyderabad. However, I will enquire now.

Shri H. V. Kamath: Has Hyderabad finally acceded or only provisionally acceded to India?

The Honourable Sardar Vallabhbhai Patel: Well, its final accession depends upon the will of the people. But under the temporary arrangements made with the Nizam the three subjects on which the accession is made are already with the Central Government.

Mr. Tajamul Husain: May I know how the question of accession of Hyderabad arises, since the Indian Army has conquered it?

Mr. Speaker: That is an expression of opinion.

ADMINISTRATION OF KOLHAPUR STATE

*230. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of States be pleased to state whether any negotiations are going on between the Maharaja of Kolhapur and the Government of India as regards the merger of the State with the Province of Bombay or the bringing of the State under the direct control of the Government of India as a Centrally Administered Area and if so, with what results?

(b) Has anything been settled in respect of the privy purse of the Maharaja and if so, what?

(c) Is there any truth in the news that the Maharaja himself is being appointed as the Chief Administrator of the State in the event of its being

brought under the direct control of the Government of India as a Centrally Administered Area and if so, on what terms will such appointment be made?

(d) Will any popular ministry be set up there to carry on the administration, and if so, what will be the position of such popular ministry *vis-a-vis* the Administrator and the Government of India and if not, why not?

The Honourable Sardar Vallabhbhai Patel: (a) As would be clear from the Press communique issued on the 1st February, 1949, His Highness the Maharaja has decided to merge his state with the Bombay Province.

(b) A privy purse of Rs. 10 lakhs has been fixed for His Highness of Kolhapur and his successors.

(c) and (d). Do not arise.

CONFISCATION OF NIZAM'S BOMBERS AND FIGHTERS BY PAKISTAN

*231. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of States be pleased to state whether it is a fact that the Nizam's Government during the Laik Ali regime had purchased a squadron of bombers and fighters for the defence of Hyderabad and if so, what was the number of such bombers and fighters and at what cost were they purchased and from which countries?

(b) Is it a fact that the said squadron of bombers and fighters were confiscated by the Government of Pakistan at Karachi on the day on which the Nizam surrendered?

(c) If so, what steps have the Military Administration in the Hyderabad State or the Government of India taken to demand and recover these planes from the Government of Pakistan?

(d) Has any correspondence passed with the Government of Pakistan and if so, with what results and if not, why not?

The Honourable Sardar Vallabhbhai Patel: (a) In September 1947, the then Hyderabad Government deputed an officer to the United Kingdom to ascertain the possibility of purchasing aircraft for transport purposes, with a view to forming an Air Transport Command for the Hyderabad Army. As a result one Halifax fighter was purchased from one Mr. R. M. Heyes, Director, European Aviation Company in Paris. No information is available if any other bombers or fighters were purchased by Hyderabad Government.

(b) Government have no information.

(c) and (d). Do not arise.

Prof. N. G. Ranga: What has happened to the Halifax fighter? Has the Government of India acquired it or is it still with the Hyderabad Government?

The Honourable Sardar Vallabhbhai Patel: There is no question of acquiring it Whatever there is in Hyderabad is there.

Prof. N. G. Ranga: Do Government propose to leave it in the possession of the Nizam's Government?

The Honourable Sardar Vallabhbhai Patel: The property of the Hyderabad Government must remain with the Hyderabad Government.

Prof. N. G. Ranga: But what is the policy of the Government in regard to allowing any of the States to possess these fighter bombers?

The Honourable Sardar Vallabhbhai Patel: As property of the State it will be in the State but it will come under the control of Defence.

DETENTION OF EX-MAHARAJA OF REWA

*232. **Pandit Mukut Bihari Lal Bhargava**: Will the Honourable Minister of States be pleased to state whether the late Maharaja of Rewa is under detention under the orders of the Government of India and if so, what are the reasons for and the conditions of his detention?

The Honourable Sardar Vallabhbhai Patel: It is presumed that the Honourable member is referring to the ex-Maharaja of Rewa, Sir Gulab Singh. I invite the attention of the honourable member to the reply given by me to question No. 889 by Shri Damodar Swarup Seth at the meeting held on 3rd September 1948.

Mr. Tajamul Husain: May I know how long will the Maharaja remain under detention?

The Honourable Sardar Vallabhbhai Patel: As long as the necessity remains.

Mr. Tajamul Husain: How long will the necessity remain?

The Honourable Sardar Vallabhbhai Patel: It depends upon the circumstances.

LOAN FROM INTERNATIONAL MONETARY FUND

*233. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Finance be pleased to state whether the Government of India have opened any negotiations for taking a loan from the International Monetary Fund and if so, what will be the extent and terms of such loan?

(b) With what object or objects are the said borrowings being made and will the loan be utilised for the purpose of importing capital goods and if so, what will be the nature of such goods?

The Honourable Dr. John Matthai: (a) and (b). I would refer the honourable member to the statement I made in the House on this subject on 1st February, 1949.

TREATMENT OF LEPERS AND MEASURES TO CHECK LEPROSY

*234. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Health be pleased to state whether it is a fact that no proper comprehensive health statistics are maintained in India and particularly statistics regarding the total number of lepers in India?

(b) Is it a fact that the most infectious cases among them are on the increase in the country? What is their number?

(c) Do Government propose to prepare new statistics if no actual figures are available?

(d) What are the facilities given by Provincial Governments and States and the Government of India for the treatment of lepers, more especially of the infectious types?

(e) How many leper asylums are there in India?

(f) Are there proper segregation arrangements for highly infectious cases? If not, what is the proposal of Government to meet this need? If there are proper arrangements, what are they?

(g) What are the preventive measures in vogue or proposed to be taken by Government to combat the spread of the disease?

The Honourable Rajkumari Amrit Kaur: (a) Yes, unfortunately it is a fact that health statistics in this country are defective.

(b) There is no information whether the incidence of leprosy is on the increase. The number of infective cases of leprosy in India is estimated to be about 250,000.

(c) The question of having a leprosy survey will be considered.

(d) and (e). In the provinces of Madras, Central Provinces and Berar, Bihar, Orissa and East Punjab leprosy patients are treated in general hospitals, the non-infective cases in general wards and the infective cases in special wards. There are also special leprosy hospitals and clinics in different parts of the country. A statement containing particulars of leprosy hospitals and clinics is laid on the table of the House. Information regarding such institutions in the Indian States is not available.

(f) and (g). Provision of arrangements for the prevention and treatment of leprosy is primarily the responsibility of the Provinces. Provincial Governments are doing what is possible with their available resources for the relief of leprosy. They are directing their efforts mainly towards establishing self-contained leprosy colonies and providing clinics for the treatment of leprosy. The Government of India have appointed a Committee to report on the question regarding the establishment of a Central Leprosy Research and Teaching Institute.

Statement showing the total number of Leprosy Hospitals, Homes, etc., in 1947.

At the end of 1947.

Province	Hospitals	Dispensaries	Clinics	Homes	Total number of Beds.
Ajmer-Merwara	..	..	..	..	..
Assam	1	6	4	9	194
Bihar	..		57	7	2,000
Bombay	13	..	1	2	1,875
Coorg		..	..	..	...
C. P. and Berar	..	..	25	10	2,311
Delhi		..	1	..	..
East Punjab	..	..	133	4	583
Madras	5	..	10	0	2,262
Orissa	..	..	24	10	567
U.P.	5	..	2	12	1,385
W. Bengal	1	..	97	5	716
Total	25	6	354	68	11,893

Shri H. V. Kamath: Is it not a fact that in Berar, where the incidence of leprosy is very high, the number of leper asylums is not commensurate with the number of patients?

The Honourable Rajkumari Amrit Kaur: In Berar, there are 57 clinics, 7 homes and 2,000 beds. But I admit that the number of beds available for patients is not commensurate in any province with the number of patients. We are looking into the matter and doing what we can.

Shri Mihir Lal Chattopadhyay: May I know in which province the incidence of leprosy is the highest?

The Honourable Rajkumari Amrit Kaur: In Madras and in Orissa.

Shri Mihir Lal Chattopadhyay: May I know whether the Government give any subvention to the provinces for the treatment of leprosy?

The Honourable Rajkumari Amrit Kaur: Goverument do not give special grants for any purpose. It is in the hands of the provinces to allocate grants according to their needs.

Shri Mihir Lal Chattopadhyay: May I know whether there is any arrangement for the segregation of these persons from public places?

The Honourable Rajkumari Amrit Kaur: The Provinces, as I have said in my answer, are taking steps to segregate persons suffering from leprosy.

Shri Mihir Lal Chattopadhyay: May I know whether there is any legislation in any province for the segregation of lepers?

The Honourable Rajkumari Amrit Kaur: No, Sir.

Shrimati G. Durgabai: May I know what preventive steps are being taken in the provinces where this disease is very much prevalent?

The Honourable Rajkumari Amrit Kaur: I have answered that question fully. The preventive steps naturally take the form of provision of clinics for patients suffering from leprosy and the opening of special wards for infective cases.

Shri T. T. Krishnamachari: May I ask the Honourable Minister whether she is aware that in one province where a Public Health Act was passed providing for compulsory segregation of lepers, that provision had to be later eliminated?

The Honourable Rajkumari Amrit Kaur: I am not aware of it.

Dr. V. Subramaniam: May I ask whether the treatment of leper patients in general hospitals, though they are in special wards, will they not cause inconvenience to the other patients therein and if so, whether the Government will provide separate hospitals for leprosy patients in district headquarters?

The Honourable Rajkumari Amrit Kaur: Government would be prepared to take them to separate hospitals as soon as such hospitals are available.

Shri M. Ananthasayanam Ayyangar: May I ask whether there is any All-India Anti-Leprosy Committee in which the Government are taking interest?

The Honourable Rajkumari Amrit Kaur: The Government are taking a very keen interest in anti-leprosy work. The Committee that has been formed is to consider the suitability of establishing a leprosy institute where very valuable research work could be done. We are doing what we can for the treatment of this disease.

Shri M. Ananthasayanam Ayyangar: May I know whether the Government are making efforts to find out from Russia what discovery they are said to have made for the prompt cure of leprosy?

The Honourable Rajkumari Amrit Kaur: I am not aware of any research or discovery in regard to the treatment of leprosy in Russia.

Shri B. P. Jhunjhunwala: Have the provincial Government taken any steps to segregate beggars who are suffering from leprosy and go about the public streets?

The Honourable Rajkumari Amrit Kaur: The provincial Governments are doing all they can. I do not know whether in the matter of beggars any special attention has been paid to them.

Shri B. P. Jhunjhunwala: Will the Honourable Minister bring to the notice of the provincial Governments the need for taking special measures to segregate beggars suffering from leprosy?

The Honourable Rajkumari Amrit Kaur: That will be done.

TUBERCULOSIS CLINICS

*235. **Dr. V. Subramaniam:** Will the Honourable Minister of Health be pleased to state what is the existing number of tuberculosis clinics in India and the total number of beds therein? How many are Government managed and how many private?

The Honourable Rajkumari Amrit Kaur: The detailed information asked for is being collected and will be laid on the table of the House, as soon as it is ready.

Shrimati Ammu Swaminadhan: Will the Honourable Minister be pleased to give a rough idea of the number of beds in the different hospitals in India today?

The Honourable Rajkumari Amrit Kaur: Such information as I have at the moment is that there are about 7,291 beds available. But it is difficult to give the accurate number, in view of the fact that this disease is spreading very rapidly and increasing.

Shri H. V. Kamath: May I know, as part of the curative treatment of this disease, how far has India gone in the manufacture of B. C. G. vaccine?

The Honourable Rajkumari Amrit Kaur: India is manufacturing B. C. G. vaccine at the moment in Madras and it is going to be manufactured in other centres also. We have enough for our needs at the moment.

Shri H. V. Kamath: Are Government paying attention to the Ayurvedic treatment of T. B.?

The Honourable Rajkumari Amrit Kaur: The Government are not aware of any special treatment that Ayurveda has for T. B.

Seth Govind Das: Are the Government making the vaids furnish them with any special treatment which Ayurveda may have for this disease?

The Honourable Rajkumari Amrit Kaur: That is going beyond the scope of this question.

Shri Deshbandhu Gupta: In Delhi particularly, the number of beds in the general wards is far less than the demand. Are the Government taking any steps to improve the position?

The Honourable Rajkumari Amrit Kaur: The Government are aware of the position. The question of increasing the number of beds in these clinics is under the active consideration of Government.

REGIONAL LANGUAGE IN DEVANAGARI SCRIPT AS UNIVERSITY LANGUAGE

*236. **Seth Govind Das:** (a) Will the Honourable Minister of Education be pleased to state whether the attention of Government has been drawn to the resolution passed by the All India University Teachers' Convention held in Delhi in the first week of December 1948, on the use of the regional language in Devanagari script as the University language?

(b) If so, what steps do the Government of India propose to take to implement the resolution of the Convention?

آنریبل مولانا ابوالکلام آزاد : (a) آل انڈیا یونیورسٹی ٹیچرس کنونشن نے اِس منسٹری کو کوئی ریزولیوشن نہیں بھیجا ہے - لیکن منسٹری کو یہ معلوم ہوا ہے کہ ایک تجویز اِسطرح کی منظور کی گئی ہے -

(b) چونکہ یونیورسٹی کمیشن نے اپنا کام شروع کردیا ہے اور وہ یونیورسٹی ایجوکیشن کے تمام پہلوؤں پر غور کرنے والا ہے اِسلئے سنٹرل ایڈوائزری بورڈ نے اپنی آخری میٹنگ میں یہ سفارش کی ہے کہ یہ فیصلہ اس وقت تک ملتوی کیا جائے جب تک کہ کمیشن اپنی رپورٹ پیش کرے -

The Honourable Maulana Abul Kalam Azad: (a) The All India University Teachers' Convention did not send to this Ministry copies of any of the resolutions passed by them, but the Ministry are aware of the resolutions that were passed.

(b) In view of the fact that the Universities Commission is engaged in looking into all aspects of University Education, the Central Advisory Board of Education at their last meeting have recommended that a decision on this matter may be deferred till the Commission has submitted their report.

सेठ गोविन्द दास : कमीशन की रिपोर्ट का कबतक आने की उम्मीद है ।

Seth Govind Das: When the Report of the commission is expected?

آنریبل مولانا ابوالکلام آزاد : اُمید کی جاتی ہے کہ وہ نو مہینے کے اندر اپنا کام پورا کریگا -

The Honourable Maulana Abul Kalam Azad: It is expected that the commission would take nine months to complete its work.

सेठ गोविन्द दास : मैं यह जानना चाहता हूं कि जब तक इन ९महिनों के अन्दर यह रिपोर्ट आने वाली नहीं है क्या तब तक यह मामला जो इस सवाल के पार्ट (ए) में पूछा गया है मूल्तवी रखा जायेगा ।

Seth Govind Das: I wish to ascertain that if the Report of the Commission is not expected before nine months then will the matter referred to in part (a) of the question be kept pending.

آنریبل مولانا ابوالکلام آزاد : میں نے ابھی عرض کیا ہے کہ ایڈوائزری بورڈ نے یہ سفارش کی ہے کہ جب کمیشن کی رپورٹ آئیگی اسوقت معاملہ کا فیصلہ کیا جائیگا اسلئے قدرتی طور پر اسکا اِنتظار کیا جائیگا-

The Honourable Maulana Abul Kalam Azad: I have just submitted that the Advisory Board has recommended that this matter would be settled when the said report is out. So naturally the report will be awaited.

सेठ गोविन्द दास : क्या माननिय वजीर साहब इस बात को जानते हैं कि जहां तक इस मामले का सम्बन्ध है वहां एडवाइजरी कौंसिल ने ऐसी कोई रेकमैन्डेशन नहीं की है ।

Seth Govind Das: Is the Honourable Minister aware of the fact that as far as this question is concerned the Advisory Council has made no such recommendations?

Mr. Speaker: The honourable member is going into argument.

Mr. Frank Anthony: Is it not a fact that at a Vice-Chancellors' meeting held sometime back, it was unanimously agreed to defer any change in the media of instruction for a certain number of years?

آنریبل مولانا ابوالکلام آزاد : ہاں ان کی سفارش یہ تھی کہ پانچ برس تک یونیورسٹی سٹیج میں انگریزی رہنی چاہئے اور اس کے بعد تبدیلی ہونی چاہئے -

The Honourable Maulana Abul Kalam Azad: Yes, the recommendation was that for five years the medium of instruction in the University stage should be English, and change may be made afterwards.

Mr. Frank Anthony: Are the Government aware that hasty policies on the part of certain provincial Government are causing considerable hardships to linguistic minorities?

Mr. Speaker: Order, order.

Shri O. V. Alagesan: Will Government make it clear that they have no intention of abolishing the Provincial scripts and set at rest all doubts in the matter?

آنریبل مولانا ابوالکلام آزاد : گورنمنٹ پوری طرح اس معاملے پر غور کریگی - ظاہر ہے کہ اس معاملہ کے بہت سے پہلو ہیں - گورنمنٹ ہر پہلو پر سوچ بچار کریگی -

The Honourable Maulana Abul Kalam Azad: Government will thoroughly go into the question. It is clear that there are many aspects of this problem. The Government will take into consideration every aspect.

شری دیش بندھو گپتا : کیا آنریبل منسٹر کے پاس اس بارے میں چیف کمشنرس ایڈوائزری کونسل کی کوئی سفارش آئی ہے -

Shri Deshbandhu Gupta: Has the Honourable Minister received any recommendations in this connection from the Chief Commissioner's Advisory Council?

آنریبل مولانا ابوالکلام آزاد : نہیں کوئی ایسی سفارش نہیں آئی ہے -

The Honourable Maulana Abul Kalam Azad: No, I am not in receipt of any such recommendations.

Shri O. V. Alagesan: May I have a translation of the answer given to my question?

Mr. Speaker: He will get in due course.

Dr. Mono Mohon Das: May I know, Sir, whether it is a fact that the Central Government do not like to interfere in the regional languages and scripts so far as administration and education in Universities are concerned?

آنریبل مولانا ابوالکلام آزاد : اس میں مداخلت کا سوال نہیں ہے - وہ اس لئے کہ سنٹرل ایڈوائزری بورڈ جو ہے اس میں تمام پرانتوں کے نمایندے موجود ہیں - اور جو فیصلہ ہوگا وہ ان سب کے مشورے سے ہوگا -

The Honourable Maulana Abul Kalam Azad: The question of interference does not arise because the Central Advisory Board consists of representatives of all the Provinces and whatever decisions would be arrived at will be with their consultation.

PAY OF LANGUAGE TEACHERS IN DELHI PROVINCE

***237. Seth Govind Das:** (a) Will the Honourable Minister of Education be pleased to state whether it is a fact that the Government of India, in sanctioning new grades of pay for teachers in Delhi Province, have shown discrimination between Hindi-Urdu teachers, Sanskrit-Persian teachers and English teachers in Higher Secondary schools?

(b) Do Government propose to give the new grades of pay sanctioned for the three categories of teachers?

(c) In view of the growing importance of Indian languages, do Government propose to consider the advisability of removing any such discrimination in the grades of pay of language teachers?

آنریبل مولانا ابوالکلام آزاد : (a) نہیں ٹیچرس کی تنخواہ کا جو سکیل تجویز کیا گیا ہے اُسکا بلدھاؤ صرف کوالیفیکیشن ہے - اور کسی طرح کی اُونچ نیچ نہیں رکھی گئی ہے ایک سٹیٹمنٹ ہاؤس کے ٹیبل پر رکھ دیا جاتا ہے جس سے تنخواہ کے نئے سکیل معلوم ہونگے -

(b) ہاں جو سکیل ٹھہرائے گئے ہیں وہ سب کے لئے ہیں -

(c) یہ سوال پیدا نہیں ہوتا ہے -

The Honourable Maulana Abul Kalam Azad: (a) No. The scales of pay prescribed for different categories of teachers are based on their qualifications. A statement showing the revised scales of pay is laid on the table.

(b) Yes. The scales prescribed will be applied to the different grades.

(c) The question does not arise as there is no discrimination in the grade pay of teachers.

Statement showing scales of pay prescribed for different categories of staff in Government Schools, Delhi Province.

Name of post	Existing scale	Prescribed scale	Remarks
1. Principal of Higher Secondary Schools.	200—10—400	350—25—500—30—590.	Same as notified in the *Gazette of India*, dated 16-8-1947.
2. Headmasters and Headmistresses of High Schools.	150—10—200—10—250.	(i) 200—10—300 (ii) 300—20—400 (iii) 400—20—500	Do.
3. Headmasters and Headmistresses of Vernacular and A.V. Middle Schools.	80—4—100—4—160 *plus* special pay Rs. 20 (men) & Rs. 100—5—140—5—160. *plus* special pay Rs. 10 (women) and Rs. 140—10—190.	140—10—200—EB—10—300 (for more than six classes) 100—8—140—10—200 upto six classes.	Do.
4. Teachers in High School with the qualifications M.A. B. T. or M. A. with 3 years experience in a college.	Various scales	200—10—250—15—400.	
5. Teachers in High Schools with the qualifications B. A., B. T.	Various scales	80-5-120—8—200—10 300 (with initial start of Rs. 120— p. m. for B. Ts. & L. Ts.	
6. Graduates with Junior Training qualifications viz; S.V., J.A.V. or J.V.	45—2—65	80—5—120—8—200 10/2—220.	Same as notified in the *Gazette of India*, dated 16-8-1947.
atric (J.A.V.) Prabhakar, Shastri, Munshi Fazil & Adib Fazil.	Various Scales	68—4—120—5—170	..
8. S.V. (Matric or Middle)	Various scales	68—4—120—5—170	Same as notified in the *Gazette of India*, dated 16-8-1947.

Name of Post	Existing Scale	Prescribed scale	Remarks
9. Arts & Handicrafts teachers, Smithy teachers and Carpentary teachers.	Various Scales	68—4—120—5—170	..
10. Junior Oriental teachers (Vernacular non-Matric) teachers.	20—1—25	50—2—60—3—90	
11. Untrained teachers	20—1—25	35—1—40—2—60	Same as notified in the *Gazette of India*, dated 16-8-1947.
12. Laboratory Assistants	20—1—35	30—1—50	..
13. Matron in Govt. Training School for Women.	Rs. 50/-	55—3—85—4—125—5—130.	
14. Librarians	60—4—100	(*i*) 55—3—85—4—125—5—130. (*i*) if untrained. (*ii*) 68—4—120—5—170 (*ii*) if trained.	
15. Clerks	Various scales	55—3—85—4—125—5—130.	Same as notified in the *Gazette of India*, dated 16-8-1947.
16. Bus Drivers	Rs. 40/-	Rs. 60—5/2—75	..
17. Poons, Sweepers, Chawkidars, Malis, Callor-women, Watermen, etc.	Rs. 13/-	Rs. 30—½—35	Same as notified in the *Gazette of India* dated 16.8.1947.
18. Intor (Honours in Oriental Classical Languages).	Various scales	Rs. 80—5—120—EB—8—200—10/2—220.	
19. Inter (Honours in Vernacular Languages).	Do.	68—4—120—5—170 (with initial start of Rs. 76/- p. m.).	
20. Oriental Teachers (Shastries etc.) non-matriculates, but teaching in High and Middle Departments.	Do.	68—4—120—5—170	
21. Junior Vernacular teachers	Do.		
(*a*) Matriculates.		68—4—120—5—170	
(*b*) Non-Matriculatee		50—2—60—3—90	
22. Drawing Masters with the qualifications :—	Do.		
(*a*) Matriculation and 2 year course in Art.	Do.	68—4—120—5—170	
(*b*) Intermediate with 2 year course in Art.	Do.	68—4—120—5—170 (with initial start of Rs. 76/- p. m.)	
23. Physical Training instructor with the qualifications :—			
(*a*) Matriculation and certificate in physical Education	Do.	68—4—120—5—170	
(*b*) B.A. and Diploma in Physical Education.	Do.	80—5—120—8—200—10—300 (with initial start of Rs. 120/- p. m.)	
24. Domestic Science Teachers with the qualifications :—			
(*a*) Matric and Home Science Diploma.	Do.	68—4—120—5—170	
(*b*) Inter. and Teachers Training Diploma in Domestic Science.	Do.	80—5—120—EB—8—200—10/2—220.	
25. Music Teachers		68—4—120—5—170	be
26. Librarian:—			
(*a*) Un-trained		55—3—85—EB—4—125—5—130.	
(*b*) Graduate with Diploma in Librarianship.		100—8—140—10—250.	

INDIAN HISTORICAL AND ART RELICS IN FOREIGN COUNTRIES

*238. **Seth Govind Das:** (a) Will the Honourable Minister of Education be pleased to state whether Government are aware of the desire among Indians to get back their historical and art relics taken away by foreigners?

(b) Is it a fact that Government propose to appoint a Committee to prepare a list of such relics in various countries?

(c) What steps do Government propose to take to bring such relics back to India?

آنریبل مولانا ابوالکلام آزاد: (a) ہاں

(b) اور (c) گورنمنٹ کے سامنے یہ تجویز موجود ہے کہ تمام ایسی تواریخی اور سکلپچرل ریلکس جو دوسرے ملکوں کے میوزیمز میں ہیں یا وہاں پر لوگوں کے پاس ہیں ان کے متعلق پوری اور صحیح اطلاع بہم ہو جائے - اور گورنمنٹ اس بارے میں ضروری کارروائی کرنے کا اِنتظام کریگی -

The Honourable Maulana Abul Kalam Azad: (a) Yes, Sir.

(b) and (c). Government have before them the plan to have full and correct information about the historical and sculptural relics which are in the Museums of the foreign countries or which may be in the possession of individuals there. Government will take necessary action in the matter.

सेठ गोविन्द दास : क्या माननिय मंत्री इस बात को जानते हैं कि जब पिछली मर्तबा भी मैं ने यह सवाल पूछा था तो मुझे यही जवाब मिला था और इस हालत में क्या मैं यह जान सकता हूं कि इस मामले में गवर्नमेंट की रिपोर्ट कितने दिनों में तयार हो जायगी ?

Seth Govind Das: Is the Honourable Minister aware of the fact that when I had put this question on the previous occasion I was given the same reply. In the circumstances may I know when the Government Report would be ready?

آنریبل مولانا ابوالکلام آزاد : اُمید ہے کہ اِس سال کے اندر کارروائی پوری کی جاسکیگی

The Honourable Maulana Abul Kalam Azad: It is expected that the deliberations of the Committee will be finished within this year.

सेठ गोविन्द दास : पिछली मर्तबा मुझे उत्तर देते हुए यह कहा गया था कि जहां तक इन चीजों का ब्रिटिश म्यूजियम से सम्बन्ध है वहां तक यहां से कोई आदमी भेजा जाने वाला है जो इन चीजों को हिन्दुस्तान वापस ले आवे ।

Seth Govind Das: On the last occasion the reply was given that as far as the British Museum is concerned with these things someone is to be sent from here so that be may bring these things back to India.

آنریبل مولانا ابوالکلام آزاد : ہاں - لیکن پھر یہ تجویز ملتوی کر دی گئی کیونکہ یہ خیال کیا گیا کہ کام بہت وسیع ہے اور بہت سے ملکوں سے تعلق رکھتا ہے اسلئے بہتر ہوگا دو تین آدمیوں کی ایک کمیٹی اِس غرض سے مقرر کی جائے -

The Honourable Maulana Abul Kalam Azad: Yes, but later on this proposal was postponed, as it was thought that the work was a stupendous one and involved many countries. So it would be better to appoint a committee of 2-3 members for this purpose.

श्री एच० वी० कामत : क्या हुकूमत की पेशे नजर इन हिस्टोरिकल चीजों का एक नेशनल म्यूजियम बनाने की तजवीज है ?

Shri H. V. Kamath: Do the Government propose to establish a museum of all these historical things?

آنریبل مولانا ابوالکلام آزاد : ہاں ہے -

The Honourable Maulana Abul Kalam Azad: Yes.

श्री एच० वी० कामत : क्या उसके लिये देहली गवरनमैन्ट हाऊस का कोई हिस्सा काम में लाय जायगा ?

Shri H. V. Kamath: Will some part of the Government House at Delhi utilized for this purpose?

آنریبل مولانا ابوالکلام آزاد : اِس بارے میں ابھی کچھہ نہیں کہا جا سکتا -

The Honourable Maulana Abul Kalam Azad: For the present nothing can be said in this respect.

شری دیش بندھو گپتا : کیا آنریبل منسٹر اپنا ذاتی رسوخ استعمال کرکے اِس بات کی کوشش کرینگے کہ سومناتھ کے مندر کے دروازے کو واپس ہندوستان میں لایا جائے -

Shri Deshbandhu Gupta: Will the Honourable Minister utilising his personal influence try to bring the doors of the Somnath Temple back to India?

آنریبل مولانا ابوالکلام آزاد - ایک مرتبہ تو وہ دروازہ آ چکا ہے اور شاید آگرہ کے قلعہ میں ابھی پڑا ہے -

The Honourable Maulana Abul Kalam Azad: These doors have once been brought back to India and are probably still lying in the Agra Fort.

مسٹر تجمل حسین : چونکہ ہسٹاریکل چیزوں کے متعلق جو کہ فارن کنٹریز میں ہیں اسوقت سوالات کئے جارہے ہیں مجھے حکومت سے دریافت کرنا ہے کہ کوہ نور ڈائمنڈ کے واپس لانے کے بارے میں حکومت نے کیا ایکشن لیا ہے یا نہیں ؟

Mr. Tajamul Husain: As the questions regarding historical things lying in foreign countries are being put I wish to ask the Government whether the Government have taken any action for retrieving the famous diamond Kohinoor?

آنریبل مولانا ابوالکلام آزاد : نہیں اِسطرح کی کوئی کارروائی نہیں کی گئی -

The Honourable Maulana Abul Kalam Azad: No, no action has been taken.

مسٹر تجمل حسین: میں جاننا چاہتا ہوں کہ کارروائی کیوں نہیں کی گئی

Mr. Tajamul Husain: I wish to ascertain why no action has been taken?

Mr. Speaker: Order, order. Reply has been given.

NATIONAL CADET CORPS

*239. **Shri V. C. Kesava Rao:** Will the Honourable Minister of Defence be pleased to state the progress made in the organisation of the National Cadet Corps?

The Honourable Sardar Baldev Singh: The University Officers' Training Corps was disbanded on the 15th July 1948, and, in its place, National Cadet Corps units were raised in the various Provinces and States. Considerable progress has been made in this direction and, while the strength of the U. O. T. C. was only 6,000, that of the National Cadet Corps at present in the Senior Division is 15,000 and in the Junior Division 20,000. The units raised include Armoured Corps, Artillery, Infantry, Engineer, Signal and Medical Units. All

these units began functioning at the beginning of the College or school term in August 1948 and members of the teaching staff who have become officers in the N. C. C. units were trained with regular army units for periods extending from two to four months during the vacation in 1948. A total of 850 professors and school-teachers were trained in this manner in that year and those who were successful have been commissioned in the Corps. Training for those who are to be commissioned as officers in units being raised in 1949 will commence in April 1949. The response from students has been very good. Plans for the further expansion of the Corps are in hand and it is hoped, to increase the strength of the Senior and Junior Divisions to 25,000 and 50,000 respectively. The question of raising Naval, Air Force and Girls' Units is also under consideration and it is hoped to raise some of them during the year.

Shri V. C. Kesava Rao: May I know, Sir, how many cadets were trained in Madras?

The Honourable Sardar Baldev Singh: 1,310 were trained in Madras.

Shrimati Renuka Ray: In view of the reply of the Honourable Minister regarding Girls' Units, does this mean that no attempt has yet been made to start any units of the National Cadet Corps for girls and when are they likely to be started?

The Honourable Sardar Baldev Singh: As I have stated in reply to this question, an attempt is being made this year. In the first year, no attempt was made.

Shrimati G. Durgabai: May I ask the Honourable Minister whether any attempt has been made to seek the co-operation of private women's organizations in the enlistment of girls for this training?

The Honourable Sardar Baldev Singh: No. The Provincial Governments are concerned and they are consulted in this matter.

Prof. N. G. Ranga: Have all universities come within this system and what percentage of the high schools have so far been pressed into this?

The Honourable Sardar Baldev Singh: It is difficult for me to give this information off hand, but all the provinces have joined this scheme and most of the acceding states also are very much interested and we hope that all of them will come in.

Shri H. V. Kamath: Have the various Provincial Governments, Sir, raised units of the National Cadet Corps according to the quotas assigned to them by the Central Government?

The Honourable Sardar Baldev Singh: Yes, Sir.

Shri Mahavir Tyagi: Are these Provincial Governments contributing towards the expenditure of these National Cadet Corps also?

The Honourable Sardar Baldev Singh: Yes, Sir.

Shrimati G. Durgabai: Is the Government aware of the fact that there are more women and girls who are anxious to undergo this training, who do not strictly belong to any particular school or college?

The Honourable Sardar Baldev Singh: There is provision in the Act, but we have made no attempt so far. We want to make a start with the universities first and when we have made progress in that direction, we will take up the question of expansion in other directions.

Shrimati G. Durgabai: Will Government consider it desirable to consult the women's organizations?

Mr. Speaker: This is a suggestion for action. Next question.

RECOGNITION OF AN INDIAN LANGUAGE BY UNESCO

*240. **Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Eduoation be pleased to state whether any Indian language has been officially recognised by the UNESCO?

(b) If the answer to part (a) above be in the negative, have any representations been made to have one of the Indian languages so recognised?

آنریبل مولانا ابوالکلام آزاد : (a) یونیسکو نے ہندوستانی زبان اپنی آفیشیل زبانوں میں رکھنانز کر لیا ہے -

(b) یہ سوال پیدا نہیں ہوتا -

The Honourable Maulana Abul Kalam Azad: (a) Hindustani has been recognised as one of the official language of UNESCO.

(b) Does not arise.

सेठ गोविन्द दास : यह हिन्दुस्तानी ज़बान कौन सी है मैं जानना चाहता हूं ।

Seth Govind Das: I wish to know what language is this Hindustani?

آنریبل مولانا ابوالکلام آزاد : ہندوستانی زبان وہی ہے جو آنریبل ممبر اِس وقت بول رہے ہیں

The Honourable Maulana Abul Kalam Azad: Hindustani is that very language which the honourable member is speaking at present.

Mr. Speaker: Order, order. It is getting into an argument.

OUTPUT OF OPIUM ALKALOIDS AT GAZIPUR FACTORY

*241. **Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Finance be pleased to state the present out-put of opium alkaloids from the Gazipur Opium Factory?

(b) Is there any proposal to increase the out-put of this factory?

The Honourable Dr. John Matthai: (a) The output of opium alkaloids at the Alkaloids Works, Ghazipur, for the Opium year 1947-48 was 519 lbs. (The Opium year is from October in one year to September in the following year).

(b) Yes.

Shri V. C. Kesava Rao: May I know the capacity of production of opium alkaloids for one year?

The Honourable Dr. John Matthai: I think the best way in which I can answer that question is, that during the war when the demand was at its peak, this factory produced very nearly 1,500 lbs.

Shri H. V. Kamath: Arising out of answer to part (b) of the question, may I know, Sir, for whose benefit is this increase contemplated?

The Honourable Dr. John Matthai: We have a fairly large capacity, a good portion of it is lying un-utilized at present, and therefore, we are trying to make the fullest use of the capacity by developing a market abroad, which would be satisfied, after we have satisfied ourselves that the home consumption is fully met.

Shri H. V. Kamath: Which of the foreign markets are willing to accept opium from us?

The Honourable Dr. John Matthai: That question is under examination.

R. S. S. SYMPATHISERS AMONG GOVERNMENT SERVANTS

*242. **Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether Government are aware that there are Rashtriya Swayam Sevak Sangh sympathisers in the offices of the Government of India?

(b) If the answer to part (a) above be in the affirmative, have any efforts been made to estimate their number?

(c) Has any action been taken against such persons for direct participation in anti-national activities?

The Honourable Sardar Vallabhbhai Patel: (a) Yes.

(b) It is not possible to estimate with any pretence to accuracy the number of 'mere' sympathisers' but Government have information as regards the numbers of those who have taken part in the recent agitation.

(c) Yes; Instructions have been issued that departmental action should be taken promptly against such Government servants. A Government servant arrested and detained for participation in the Rashtriya Swayam Sevak Sangh activities is to be suspended from duty, and anyone convicted on account of such participation is to be dismissed, without any further inquiry, on the basis of facts which led to his conviction by a Court of law.

Shri K. Hanumanthaiya: How many of such people have been dismissed, Sir?

The Honourable Sardar Vallabhbhai Patel: The information received in the weekly returns up to 27th January shows that the total number of arrests of Central Government servants was 960. Out of this, 487 have been convicted in courts of law. Subsequent to their conviction, 316 employees have been dismissed from service so far.

Prof. N. G. Ranga: Have the Government issued departmental instructions that paying any subscriptions to the R.S.S. will also be treated as an offence?

The Honourable Sardar Vallabhbhai Patel: I do not know whether there is any list of subscriptions.

Shri Deshbandhu Gupta: Is there any truth in the report that some sort of negotiations have taken place between Guruji and the Deputy Prime Minister?

The Honourable Sardar Vallabhbhai Patel: No negotiations have taken place.

Shri Deshbandhu Gupta: Has he been brought down to Delhi?

The Honourable Sardar Vallabhbhai Patel: Not that I know of.

Shri H. V. Kamath: Will the Honourable Minister give a rough idea as to the number of Government servants arrested in connection with participation in the movement?

Mr. Speaker: Figures have already been given.

Shri H. V. Kamath: Is the Honourable Minister aware that among the Government servants there are Pakistani sympathisers?

An Honourable Member: What do you mean by Pakistani sympathiser?

Shri H. V. Kamath: Pro-Pakistan.

Mr. Speaker: The question does not arise.

The Honourable Sardar Vallabhbhai Patel: There are no Pakistani R.S.S.

Shri H. V. Kamath: My question was. . . . . .

Mr. Speaker: Order, order.

Shri M. Ananthasayanam Ayyangar: May I ask the Honourable Minister if the number of these people who have been dismissed includes provincial Government employees also?

The Honourable Sardar Vallabhbhai Patel: No; these are Central Government and Centrally administered area Government servants.

Shri M. Ananthasayanam Ayyangar: May I know if the Honourable Minister has got statistics regarding provincial Government employees who were convicted and dismissed if any?

The Honourable Sardar Vallabhbhai Patel: Oh yes. We have got statistics. I have not got them now so far as other provinces are concerned.

Dr. Mono Mohan Das: May I know from the Honourable the Home Minister whether, as the leader of the R.S.S. has called off satyagraha unconditionally, the Government has got any intention in the near future of releasing all the people who have been convicted in connection with this movement?

The Honourable Sardar Vallabhbhai Patel: No, Sir.

Shri K. Hanumanthaiya: Are there any instances where Government servants participating in the satyagraha tendered apology and were excused?

The Honourable Sardar Vallabhbhai Patel: No; a Government servant who has participated in the activity will not be reinstated.

Shri V. C. Kesava Rao: Out of the 816 and odd, are there any officers who sympathised with the R.S.S. movement?

The Honourable Sardar Vallabhbhai Patel: It all depends on whom you call officers.

Mr. Speaker: He means Gazetted officers.

The Honourable Sardar Vallabhbhai Patel: No Gazetted officer.

Shri L. Krishnaswami Bharathi: Is it not a fact, Sir, that student R.S.S. were convicted and were directed to be released?

The Honourable Sardar Vallabhbhai Patel: Students either convicted or detained have been released.

Shri H. V. Kamath: Is there any truth in the press report that the Government of India is prepared to recognise the R.S.S. as one of India's political parties provided it draws up its written constitution, accepts the National Flag and gives up its under-ground activities?

Mr. Speaker: I am afraid the honourable member is going much beyond the scope of the question.

Shrimati Dakshayani Velayudhan: May I know, Sir, has any member of the Central Government come under the category of sympathisers?

Mr. Speaker: Order, order; next question.

GOVERNMENT ADVERTISEMENTS IN NEWSPAPERS

***243. Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state whether advertisements of the Government of India are given directly to the newspapers or through the medium of advertising consultants?

(b) If it is given to the advertising consultants, are there any specific instructions regarding the newspapers in which these are to appear?

The Honourable Shri R. R. Diwakar: (a) Advertisements of the Government of India are given direct to the newspapers.

(b) Does not arise.

Prof. N. G. Ranga: What are the conditions subject to which these advertisements are given? Are these advertisements given to all the newspapers that ask for, it or do they stipulate any conditions?

The Honourable Shri R. R. Diwakar: Display advertisements, classified advertisements and casual advertisements, these are the three types of advertisements. So far as the newspapers are concerned, the importance of the newspapers, their circulation and standing are taken into consideration at the time of giving advertisements.

Seth Govind Das: Is it not a fact, Sir, that preference is always given to English newspapers and not to papers which are published in the Indian languages?

The Honourable Shri R. R. Diwakar: It is not so.

Shri Deshbandhu Gupta: Is it not a fact, Sir, that preference used to be given to certain papers on account of their political affiliations in the past does the same consideration continue to be shown to them even now?

The Honourable Shri R. R. Diwakar: Whatever might have been the case in the past, it is not so today.

Shri H. V. Kamath: On what basis, Sir, are newspapers placed on the black list so far as Government advertisements are concerned?

The Honourable Shri R. R. Diwakar: I do not know of any black list.

Seth Govind Das: Will the Honourable Minister please make enquiries and see the number of newspapers which are published in English and in other languages to which these advertisements are given?

The Honourable Shri R. R. Diwakar: I shall certainly enquire about it.

Prof. N. G. Ranga: Is any periodical review made as to the number as well as the names of these newspapers which are deemed to be qualified for this purpose?

The Honourable Shri R. R. Diwakar: I have already said that I shall enquire into the matter and get at the details.

Shri Deshbandhu Gupta: May I know whether it is correct that the Government have by experience found that placing advertisements directly by the Publicity Department of the Government is costlier than placing through advertising agencies?

The Honourable Shri R. R. Diwakar: I do not think so.

Visit of Officials of International Bank to India

*244. **Prof. N. G. Ranga:** (a) Will the Honourable Minister of Finance be pleased to state when officials of the International Bank are expected to come to India?

(b) In connection with which irrigation and flood control projects are they coming?

(c) What other developmental schemes are being referred to them?

(d) What is the approximate amount of loan for which the Bank is being approached?

The Honourable Dr. John Matthai: (a) to (d). I would refer the honourable member to the statement I made in the House on this subject on 1st February, 1949.

Prof. N. G. Ranga: In regard to part (d), we have not had so far any information either from his statement or from any answer.

The Honourable Dr. John Matthai: I have made it clear in my statement that the stage for determination of the amount of the loan would not arise for some time to come.

RETIRING AGE OF GAZETTED OFFICERS OF THE GOVERNMENT OF INDIA

†*245. **Giani Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Finance be pleased to state whether it is a fact that the Government of India have recently issued orders regarding the raising of the age of retirement to 60 in the case of Ministerial Staff?

(b) Is it a fact that the age of retirement recommended by the Pay Commission in the case of Gazetted staff is 58 and if so, has any decision been reached in the matter?

(c) If not, how long is it likely to take to issue orders on this point?

The Honourable Dr. John Matthai: (a) No.

(b) and (c). The Commission's recommendation is under consideration and the Government hope to come to a decision shortly.

ARREST OF R. S. S. VOLUNTEERS IN CENTRALLY ADMINISTERED AREAS

†*246. **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Home Affairs be pleased to state how many arrests of R. S. S. volunteers have been made up till now in the Centrally Administered areas?

(b) Is it a fact that many R. S. S. workers have gone on hunger strike in the Delhi Central Jail as a protest against bad treatment; such as *lathi* charge, caning, etc.?

(c) Are they treated as political prisoners?

The Honourable Sardar Vallabhbhai Patel: (a) 2,448.

(b) No *lathi* charge was made inside the Delhi jail nor was any R. S. S. prisoner caned. Some convicted R. S. S. workers however went on hunger strike demanding that they be treated as better class prisoners. The hunger strike was subsequently called off unconditionally.

(c) No. Under the Jail Rules there is no such category as political prisoners.

APPOINTMENT OF ALL INDIA RADIO CORRESPONDENTS IN PROVINCES

†*247. **Shri Lakshminarayan Sahu:** Will the Honourable Minister of Information and Broadcasting be pleased to state whether All India Radio Correspondents have been appointed at Provincial Centres?

The Honourable Shri R. R. Diwakar: No. Recruitment is being made through the Federal Public Service Commission.

EXPENDITURE ON PROVINCIAL GOVERNORS

†*248. **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Home Affairs be pleased to state separately the amount of annual expenditure in respect of salaries and allowances of each of the provincial Governors since the 15th August 1947?

(b) Are the present scales of expenditures higher than similar expenses before the said date? If so, to what extent?

The Honourable Sardar Vallabhbhai Patel: (a) Governors of Provinces are entitled, under the Third Schedule to the Government of India Act, 1935, as adapted since August 1947, to a salary of Rs. 66,000 per annum each. They are also entitled to certain allowances and privileges which are prescribed in the Government of India (Governor's Allowances and Privileges) Order, 1936, a copy of which is placed on the table of the House.

† Answer to this question laid on the table, the questioner being absent.

(b) Prior to 15th August 1947, the salaries of the Governors of the several Provinces were as follows:

The Governor of Madras The Governor of Bombay The Governor of Bengal The Governor of U. P.	Rs. 1,20,000 per annum.
The Governor of Punjab The Governor of Bihar	Rs. 1,00,000 per annum
The Governor of C. P.	Rs 72,000 per annum.
The Governor of Assam The Governor of Orissa	Rs. 66,000 per annum.

As regards their allowances, the Order referred to above has not been modified since the 15th August 1947, but it is probable that Governors have not availed themselves of the maximum allowances prescribed. No precise information on this point is available.

THE GOVERNMENT OF INDIA (GOVERNORS' ALLOWANCES AND PRIVILEGES) ORDER, 1936

AT THE COURT AT BUCKINGHAM PALACE,

The 18th day of December, 1936.

Present

THE KING'S MOST EXCELLENT MAJESTY IN COUNCIL.

WHEREAS by paragraphs two to four of the Third Schedule to the Government of India, Act, 1935, His Majesty in Council is empowered to determine the allowances and customs privileges of the Governors of Provinces and the provision which is to be made for enabling them to discharge conveniently and with dignity the duties of their offices:

AND WHEREAS it is provided by paragraph five of the said Schedule that any person appointed by His Majesty to act as a Governor shall, while he is so acting, be entitled, save as may be otherwise provided by His Majesty in Council, to the same allowances and privileges as that Governor:

AND WHEREAS a draft of this Order has been laid before Parliament in accordance with the provisions of sub-section (1) of Section three hundred and nine of the Act and an Address has been presented to His Majesty by both Houses of Parliament praying that an Order may be made in the terms of this Order:

NOW, THEREFORE, His Majesty, in the exercise of the said powers and of all other powers enabling him in that behalf, is pleased by and with the advice of his Privy Council to order, and it is hereby ordered, as follows:—

Introductory

1. This Order may be cited as "The Government of India (Governors' Allowances and Privileges) Order, 1936".

2. The Interpretation Act, 1889, applies for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

3. In this Order—

"official residences" in relation to the Governor of a Province mean the official residence or residences specified in the First Schedule to this Order in relation to that Province and include the staff quarters and other buildings appurtenant thereto and the gardens thereof;

"official railway saloons, river craft and aircraft" in relation to the Governor of a Province mean such railway saloons, river craft and aircraft, if any, as have been provided for his use or that of his predecessors with the sanction of the Secretary of State or of the Secretary of State in Council;

"maintenance" in relation to official residences includes the payment of local rates and taxes and the provision of electricity, gas, and water, and in relation to river craft, includes expenditure on the pay of the establishment maintained in connection therewith, and on their victualling while afloat, and expenditure on the purchase of marine stores and in relation to motor-cars and aircraft includes the pay and allowances of chauffeurs or pilots and the provision of oil and petrol;

"acting Governor" means a person appointed by His Majesty to act as Governor while the Governor is absent from India, or is for any reason unable to perform the duties of his office.

Allowances, Privileges, etc

4. (1) The allowances specified in the Second Schedule to this Order shall be paid to each Governor in connection with his appointment.

(2) This paragraph does not apply to acting Governors, but there shall be paid to an acting Governor an allowance equal to his actual expenses in travelling, within India, with his family, if any, and his family's effects, to take up his duties as acting Governor.

5. Each Governor throughout his term of office shall be entitled without payment of rent or hire to the use of his official residences and official railway saloons and river craft and aircraft and of the motor-cars provided for his use, and no charge shall fall on him personally in respect of the maintenance thereof.

6. (1) There shall be paid from time to time to each Governor an allowance equal to his actual expenses in renewing the furnishings of his official residences, so however, that the total amount paid to each person holding the office of Governor of a Province shall not exceed the maximum specified in the Third Schedule to this Order in relation to that Province:

[1] * Provided that if, when the Governor assumes office, the period which has elapsed since his predecessor assumed office (Acting Governors being disregarded) falls short of five years, the maximum so specified shall be decreased by such amount as the Secretary of State may by special order determine.

(2) This paragraph does not apply to acting Governors.

7. (1) In order that the Governor may be enabled to discharge conveniently and with dignity the duties of his office there shall in each year be charged on and paid out of the revenues of each Province—

(a) for the purposes specified in the Fourth Schedule of this Order such amount, not exceeding the maximum amount specified in that Schedule, as the Governor may, subject to any general or special orders of the Secretary of State, consider to be necessary for that year;

(b) such further amount for the maintenance, improvement, renewal or replacement of the Governor's official residences and official railway saloons, river craft, and aircraft, and for the provision, if it is thought desirable, of official aircraft as the Secretary of State may by general or special order authorise:

[1] † Provided that the maximum amount specified in the said Fourth Schedule may in any year be increased by:—

(a) such amount as the Governor may consider necessary to defray the leave allowances and pension charges of the Military Secretary (or A.D.C.) and the surgeon, and of any officer on their establishments, and of the bodyguard; deferred pay due on his retirement to any member of the bodyguard; and the cost of providing such free passages, if any, as may be authorised from time to time by the Secretary of State for the Military Secretary and any officer on his establishment;

(b) such further amount as the Governor may, subject to any general or special orders of the Secretary of State, consider necessary to defray the cost of any extra allowance granted to meet the increased cost of living arising out of war conditions, or of any increases due to revision of scales of pay or to the grant of War Service Increments;

---

[1] Substituted by the Government of India (Governors' Allowances and Privileges) (Amendment) Order, 1939, dated the 3rd November, 1939.

* This proviso shall have effect from the 1st of November, 1939.

[1] These amendments shall have effect from the 1st of April, 1947.

† Substituted by the Government of India (Governors' Allowances and Privileges) (Amendment) Order, 1947, dated the 6th August, 1947.

(c) the amount not expended in previous years.

(2) The Governor shall exercise his individual judgment as respects the matters specified in this paragraph, and he shall also exercise his individual judgment as to the amount to be included in any year in the estimates of expenditure laid before the Provincial Legislature for the purpose of giving effect to the provisions of this paragraph.

8. (1) The leave allowances of Governors shall be at the following rates :—

Governors of Madras, Bengal, Bombay, the United Provinces, the Punjab and Bihar.	4,000 rupees per month.
Governor of the Central Provinces and Berar. ...	3,000 rupees per month.
Governors of other Provinces.	2,750 rupees per month.

Provided that the Secretary of State may in any particular case, for special reasons to be recorded by him, increase the rate to such amount, not exceeding, 5,500 rupees per month, as appears to him just.

(2) Where payment is made in sterling the payment shall [1] be made at the rate of one shilling and six pence per rupee, or, if any other rate of exchange is fixed by the Secretary of State for the payment of leave allowances of other persons in the service of the Crown in India, at that rate.

(3) An acting Governor shall not be entitled to any leave allowance.

9. No customs duties shall be levied in India on the following articles if imported or purchased out of bond by Governors on appointment or during their tenure of office :

(a) articles for the personal use, wear or consumption of the Governor or any member of his family;

(b) food, drink and tobacco for consumption by members of the Governor's household or by his guests, whether official or not;

(c) articles for the furnishing of any of the Governor's official residences;

(d) motor-cars provided for the Governor's use.

RUPERT B. HOWORTH.

FIRST SCHEDULE

Official Residences.

Madras . . .	The Government Houses at Madras, Guindy and Ootacamund.
Bombay . .	The Government Houses at Bombay, Mahabaleshwar and Ganeshkind.
Bengal	The Government Houses at Calcutta, Dacca, Darjeeling and Barrackpore.
The United Provinces .	The Government Houses at Allahabad, Lucknow and Naini Tal.
The Punjab	Government House, Lahore and Barnes Court, Simla.
Bihar	The Government Houses at Patna and Ranchi and the Chalet at Netarhat.
Central Provinces and Berar . .	The Government Houses at Nagpur, Pachmari and Jubbulpore.
Assam	Government House, Shillong (including Peak Cottage).
The North-West Frontier Province .	The Government Houses at Peshawar and Nathiagali.
Sind	Government House, Karachi.
Orissa	*The Government House, Puri, and, pending the construction of the Government House to be built at the new capital of the province, such other residence as the Secretary of State may designate.

[1] Substituted by the Government of India (Governors' Allowances and Privileges) (Amendment) Order, 1939, dated the 3rd November, 1939.

*Substituted by the Government of India (Governors' Allowances and Privileges) (Amendment) Order, 1942, dated the 22nd May, 1942.

SECOND SCHEDULE

ALLOWANCES ON APPOINTMENT.

1. Equipment and Travelling.

	Governors of Madras, Bombay and Bengal.	Governor of the United Provinces	Governors of the Punjab & Bihar	Governors of other Provinces
	£	£	£	£
If resident in Europe when appointed	2,000	1,800	1,500	1,200
If resident in India or Ceylon when appointed, and not then in service of the Crown in India.	750	650	550	450
If resident elsewhere when appointed :				
Equipment	1,000	900	750	600
Travelling† (to india) on appointment (see note below)	400 (maximum)	300 (maximum)	300 (maximum)	300 (maximum)
If in the service of the Crown in India when appointed (otherwise than as a Governor)	500	400	300	200
If transferred from the Governorship of another Province :—				
Equipment	250 if transferred from Madras, Bengal or Bombay ; 350 in other cases.	200	160	120
†Travelling in India on appointment.	In each case there shall also be paid to the Governor an allowance equal to his actual expenses in travelling within India with his family, if any, and his and his family's effects, to take up his duties as Governor.			

NOTE.—The allowance for travelling [1](to India) to be allowed to a Governor who is resident elsewhere than in Europe, India or Ceylon when he is appointed shall be as decided by the Secretary of State in each case, subject to the maxima specified above.

2. *Motor Cars* —Sum to be fixed from time to time by the Secretary of State and to be payable subject to such conditions as may be determined by him, to be spent in the purchase for the Province of suitable motor-cars for the use of the Governor ; and the Governors' actual expenses on freight and insurance in transporting those motor-cars to his Province.

THIRD SCHEDULE.

*[1]*Maximum allowances to Governors for Renewals of Furnishings of Official Residences.*

	Rs.
Madras	87,500
Bombay	1,43,750
Bengal	1,38,125
The United Provinces	25,000
The Punjab	28,750
Bihar	28,125
The Central provinces and Berar	18,125
Assam	6,250
The North-West Frontier Province	10,950
Orissa	15,625
Sind	24,625

†Substituted by the Government of India (Governors' allowances & Privileges) (Amendment) Order, 1943, dated the 20th April 1943.

[1] Substituted by the Government of India (Governors' Allowances & Privileges) (Amendment) Order 1947, dated the 8th August, 1947.

*These amendments will have effect from 1st April, 1947.

FOURTH SCHEDULE.

[1] *Maximum yearly amounts (in rupees) charged on the Revenues of the Provinces in respect of certain matters*

	Madras	Bombay	Bengal	The United Province	The Punjab	Bihar	The Central Provinces & Berar	Assam	The North-West Frontier Province	Sind	Orissa
1. Sumptuary allowance 2. Staff and Household (a) Military Secretary (or A.D.C. and his establishment). (b) Band (c) Bodyguard (d) Surgeon and his establishment. (e) Maintenance and repairs of furnishings of official residences. 3. Contract Allowance i.e. an allowance for miscellaneous expenses, including maintenance of Motor-cars 4. Tour Expenses.	7 46,000	6.43,750	7,44,125	3,68,875	2.40,250	2,19,625	1,49,250	1,77,625	1,38,875	2,15,250	1,25,625

[1] Substituted by the Government of India (Governor's allowances & Privileges) (Amendment) Order, 1947, dated the 8th August, 1947.
[2] These amendments will have effect from 1st April, 1947.

ALL-INDIA NURSING COUNCIL

†*249. **Shri Yudhishthir Mishra:** Will the Honourable Minister of Health be pleased to state:

(a) when the All-India Nursing Council was set up;

(b) the number and names of members constituting the Council;

(c) the number of meetings of the council so far held; and

(d) if no meeting has been held so far, the reasons therefor?

The Honourable Rajkumari Amrit Kaur: (a) to (d). The Indian Nursing Council has not yet been constituted as the elections to be held and nominations to be made have not yet been completed. It is hoped that it will be possible to set up the Council very shortly.

CASH BALANCES AND RESERVES OF CHHATTISGARH STATES

*250. **Shri Kishorimohan Tripathi:** (a) Will the Honourable Minister of States be pleased to state the total amount of cash, balances and reserves, which the Government of India took over while taking over charge of administration of the Central Provinces (Chhattisgarh) States on 1st January 1948?

(b) Has any part of the said amount been spent for the welfare of the said States' people?

(c) If the answer to part (b) above be in the affirmative, what is the total amount of money so spent and the purposes for which the same has been spent?

The Honourable Sardar Vallabhbhai Patel: (a) and (b). I invite the attention of the honourable member to my reply to Shri Ramprasad Potai's question No. 876 of 19th March 1948 and the statement laid on the table of the House.

(c) Information is being collected and will be laid on the table of the House in due course.

NAMING OF INDIAN ARMY REGIMENTS AFTER COMMUNITIES

†*251. **Shri S. Nagappa:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that in the Indian Army the Regiments are named after the communities?

(b) Is there any proposal to change this practice?

The Honourable Sardar Baldev Singh: (a) Yes. Some Infantry Regiments are named after certain classes.

(b) Yes. This and other allied questions connected with the implementation of the policy to eliminate as far as possible communal and class differences in the Armed Forces are being examined.

POPULATION OF BACKWARD TRIBES IN ANDAMAN AND NICOBAR ISLANDS

†*252. **Shri S. Nagappa:** Will the Honourable Minister of Home Affairs be pleased to state what is the population of the Jarawas and other backward tribes of the Andaman and Nicobar Islands?

The Honourable Sardar Vallabhbhai Patel: The exact number of Jarawas in the Islands is not known. It is believed that the various aboriginal tribes of the Andaman Islands number between 2,000 and 5,000. The total number of Nicobarese is between 12,000 and 15,000.

† Answer to this question laid on the table, the questioner being absent.

INTERIM MINISTRY FOR HYDERABAD

†*253. **Shri S. Nagappa:** (a) Will the Honourable Minister of States be pleased to state when the Military Administration of Hyderabad is likely to end?

(b) Is there any proposal to form an Interim Ministry retaining the Indian Union Army in the State?

The Honourable Sardar Vallabhbhai Patel: (a) and (b). I would invite the honourable member's attention to my reply to parts (a) and (c) of starred question No. 18 by Pandit Mukut Bihari Lal Bhargava on the 1st February 1949. I have nothing to add to it.

WAR SERVICE CONCESSIONS FOR APPOINTMENT IN ALL INDIA SERVICES

*254. **Srijut Rohini Kumar Chaudhuri:** Will the Honourable Minister of Home Affairs be pleased to state if War Service Concessions are still being granted for appointment in All-India Services?

The Honourable Sardar Vallabhbhai Patel: No.

Shri H. V. Kamath: Are any concessions being given to those who have rendered national service in the past, in the matter of appointments?

Mr. Speaker: How does this arise out of this question?

Shri H. V. Kamath: It is for you to decide, Sir.

Mr. Speaker: It does not arise.

Srijut Rohini Kumar Chaudhuri: Since when has the grant of concessions been stopped?

The Honourable Sadrar Vallabhbhai Patel: I cannot give the date; they have already ceased to be given since a long time past.

MERCY PETITIONS FROM CONDEMNED PERSONS

*255. **Srijut Rohini Kumar Chaudhuri:** Will the Honourable Minister of Home Affairs be pleased to state how many petitions for mercy have been received from condemned persons during the years 1946, 1947 and 1948 and in how many cases was reprieve granted?

The Honourable Sardar Vallabhbhai Patel: The number of petitions dealt with by the Governor-General and the number in which the death sentence was commuted to transportation for life are as follows:

1946	...	438 and 13.
1947	...	283 and 7.
1948	...	167 and 23.

Shri Deshbandhu Gupta: May I know what is the procedure generally followed in dealing with these petitions? Is it at the recommendation of the Law Ministry that the Governor General takes action, or he does it in his own office?

The Honourable Sardar Vallabhbhai Patel: The present procedure is that the petitions are first received by the Provincial Governments and they deal with them. Subsequently, when petitions are received by the Central Government, it is the Home Department that deals with them and submits them for orders with recommendations to the Governor General.

† Answer to this question laid on the table, the questioner being absent.

Shri M. Ananthasayanam Ayyangar: Is the Law Minister not consulted in this matter?

The Honourable Sardar Vallabhbhai Patel: Up till now the Law Minister was consulted, but now we have agreed to a procedure in which the Home Department deals with this matter.

Shri L. Krishnaswami Bharathi: Has the Governor General any discretion in the matter? That is to say, does he decide matters for commutation in spite of the recommendations?

The Honourable Sardar Vallabhbhai Patel: The Governor General's opinion carries considerable weight.

Shri M. Ananthasayanam Ayyangar: May I know on what grounds the Law Minister's advice is not taken in this matter in each case? Why has the procedure been changed?

The Honourable Sardar Vallabhbhai Patel: It is in conformity with the procedure in the United Kingdom.

Dr. V. Subramaniam: Can State prisoners convicted of death sentences apply for mercy in the same way?

The Honourable Sardar Vallabhbhai Patel: We do not receive petitions from States.

Shri H. V. Kamath: Am I to understand that the Law Ministry is not consulted even about the legal implications?

The Honourable Sardar Vallabhbhai Patel: There are no legal implications in the matter.

Mr. Speaker: There is practically no question of law that arises in these matters.

PROGRAMMES FOR LABOURERS ON A. I. R.

*256. **Prof. N. G. Ranga:** Will the Honourable Minister of Information and Broadcasting be pleased to state:

(a) whether the All India Radio broadcasts special programmes intended for industrial and agricultural labourers also;

(b) whether Government have installed any special community radio sets in the labour areas or quarters in towns and big villages; and

(c) if not, whether Government propose to instal any such sets in labour areas?

The Honourable Shri R. R. Diwakar: (a) Yes. Rural broadcasts from All India Radio stations are meant for the rural population including agricultural labourers. Calcutta All India Radio station broadcasts a special daily programme for industrial labourers.

(b) Community sets have been installed in a number of towns and villages by Provincial Governments. One of them have also installed some sets in labour areas.

(c) Provincial Governments are being approached with regard to installation of more community sets in labour areas.

Shri H. V. Kamath: In how many different languages all over India do these rural and urban broadcasts take place?

The Honourable Shri R. R. Diwakar: From all stations and I may say in almost all important languages.

CONSIGNMENT OF GOLD TO PAKISTAN BY THE RESERVE BANK OF INDIA

†*257. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Finance be pleased to state whether the attention of Government has been drawn to the news item which appeared in the *Times of India*, Bombay, dated the 15th January, 1949, that fifty boxes containing 5,400 pounds of gold, valued at Rs. 2,48,40,000/- were flown to Karachi in a special plane from Bombay on the afternoon of Thursday, the 13th January, 1949 and that the gold was consigned by the Reserve Bank of India to Pakistan?

(b) Is the news item correct?

(c) Has there been any other similar consignment sent by the Reserve Bank of India to Pakistan since partition?

(d) If so, what are the dates on which such consignments were made and what is the value of gold involved?

The Honourable Dr. John Matthai: (a) Yes.

(b) to (d). Under the provisions of the Pakistan (Monetary System and Reserve Bank) Order, 1947, which embodies the agreed arrangements for the division of assets and liabilities of the Issue Department of the Reserve Bank between India and Pakistan, the Reserve Bank is required to transfer to the Pakistan Government assets, including gold, in proportion to the liability for note issue taken over by them. It is in pursuance of this agreement that gold is released to Pakistan from time to time and the State Bank of Pakistan makes its own arrangements for despatching it to Karachi. Up to the 18th January 1949, six instalments aggregating, 18,86,435 tolas in weight and Rs. 2,86,95,882 in value at the Reserve Bank's statutory rate have been released by the Reserve Bank to the Pakistan State Bank.

AUDIT CHECK ON INDIA'S EXPENDITURE ABROAD

*258. **Shri B. Shiva Rao:** Will the Honourable Minister of Finance be pleased to state what steps, if any, have been taken in pursuance of an assurance given by his predecessor in the last session of the Assembly to impose an audit check on India's expenditure abroad?

The Honourable Dr. John Matthai: The matter is still under consideration.

Shri M. Ananthasayanam Ayyangar: Whether it ultimately be the Auditor General or any of his subordinates, are not the accounts of the Embassies abroad audited at all?

The Honourable Dr. John Matthai: They are not subject to the periodic audit which the honourable member has in view. Now since this question was raised by the honourable member in the course of the debate on the Budget early this year, we have taken in hand the question of instituting more effective and continuous audit in respect of expenditure in our Embassies and in the High Commissioners' offices, and the whole matter is now under active examination.

Shri B. Shiva Rao: In view of the very large amount of expenditure incurred abroad and the loopholes for extravagance, will the Honourable Minister expedite a decision?

The Honourable Dr. John Matthai: Certainly.

Shri H. V. Kamath: Is it a fact that our expenditure abroad has more than doubled itself during the last two or three years?

Mr. Speaker: Is the Honourable Minister in a position to answer that?

The Honourable Dr. John Matthai: I would rather not.

† Answer to this question laid on the table, the questioner being absent.

Shri Deshbandhu Gupta: Is it a fact that people living in Pakistan and who have sold their property there, cannot transmit any money from Pakistan to India?

Mr. Speaker: How does that question arise from this?

Shri M. Ananthasayanam Ayyangar: May I know if the proposal is to make those auditors subordinate to the Auditor General, or to create an independent agency to chek and verify those accounts?

The Honourable Dr. John Matthai: It will be both.

Mr. Homi Mody: Whatever form the check audit may take, will the Honourable Minister see to it, that whoever is appointed an auditor at any of the Embassies, he has an independent authority and is not subject to the orders of that particular Embassy?

The Honourable Dr. John Matthai: I may, Sir, if permitted explain the way in which my own mind is working on this question. I think we have to proceed in two directions. In the first place it is necessary to provide assistance in the form of officers trained in this kind of work and attached to these Embassies. At the same time it is necessary that the accounts are examined and audited also under the auspices of the Auditor General.

Shri T. T. Krishnamachari: May I ask if the proposal that the Honourable Minister is considering includes a check on the payments made by the Commonwealth Relations Office in London as our agents in the matter of payment pensions?

The Honourable Dr. John Matthai: Yes.

Shri B. Das: Has the audit establishment, formerly known as the Home Auditor, London, been brought under the jurisdiction of the Auditor General, and has this audit staff in London been Indianised, particularly in view of the large commitments of expenditure in the United Kingdom?

The Honourable Dr. John Matthai: That is one of the matters under consideration.

EXPENDITURE ON ALL INDIA COUNCIL FOR HIGHER TECHNICAL EDUCATION

†*259. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Education be pleased to state the date on which the All India Council for Higher Technical Education was established and started working?

(b) What is the total amount spent on this up to December, 1948?

(c) Have any institutions for Higher Technical Education been brought into existence?

(d) If not, when and where is it likely to be established?

The Honourable Maulana Abul Kalam Azad: (a) The All-India Council for Technical Education was set up by a resolution of the Government dated the 30th November 1945. Its composition was announced on the 12th April, 1946 and the first meeting was held on the 30th April, the 1st and the 2nd May, 1946.

(b) Rs. 1,09,315-10-0.

(c) The Higher Technical Institutions recommended by the Higher Technical Education Committee (Sarkar Committee) and subsequently by the All India Council for Technical Education, have not yet been brought into existence. However much of the preliminary work in connection with the setting up of the Eastern Higher Technical Institution has been done.

---

† Answer to this question laid on the table, the questioner being absent.

(d) Government have decided to locate this Institute at Hijli, District Kharagpur, in West Bengal. The Institution is expected to start functioning during the course of the year.

Rules for Employment of Foreigners

*260. **Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Home Affairs be pleased to state if any rules and regulations have been framed for the employment of foreigners in India?

(b) What is the number of foreigners at present employed in India and what are their nationalities?

The Honourable Sardar Vallabhbhai Patel: (a) The policy of the Government is not to employ foreigners in Government service except where suitable Indians are not available and even these cases, such employment is to last for the minimum period necessary to train suitable Indians. This policy is being enforced through suitable executive instructions and no rules and regulations are necessary for the purpose. No such rules and regulations have been framed for the employment of foreigners in non-Government establishments.

(b) The information is being collected and will be placed on the table of the House in due course.

Benefits to I. N. A Personnel

*261. **Srijut Rohini Kumar Chaudhuri:** Will the Honourable Minister of Defence be pleased to state whether it is a fact that I.N.A. men have been recognised as eligible to all benefits accorded to retired and discharged servicemen and if so, what is the total amount of money paid to them out of different funds up to 31st December, 1948 and what amount remains still to be paid?

The Honourable Sardar Baldev Singh: As regards the benefits to which ex-Indian Army personnel who had joined the I. N. A. and who are now nationals of the Dominion of India or of any State which has acceded to the Indian Dominion and have not migrated to Pakistan have been admitted, I would refer the honourable member to the press-note issued on September 17, 1948 which contains a summary of the various decisions taken by Government with regard to the treatment of such personnel. Of the Rs. 30 lakhs set aside by Government for this purpose, a sum of approximately Rs. 16 lakhs was spent up to the 31st December 1948, leaving a balance of about Rs. 14 lakhs still to be disbursed. The cost of service pension/gratuity admissible to these personnel under the normal rules is not included in the amount of Rs. 30 lakhs set apart for them.

Shri H. V. Kamath: Have any payments been made to the families and dependents of those killed in action?

The Honourable Sardar Baldev Singh: Yes. Out of the Rs. 30 lakhs as much as Rs. 16 lakhs have been spent for this purpose. But it is difficult to give the details

Shri H. V. Kamath: Is it a fact that this sum is so small that when it is disbursed it comes to hardly Rs. 100 per head?

The Honourable Sardar Baldev Singh: Whatever it is, we cannot go outside the amount that has been agreed to by Government.

† Answer to this question laid on the table, the questioner being absent.

DEREQUISITIONING OF LANDS AND BUILDINGS IN ASSAM

*262. **Srijut Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that a large number of buildings and plots of lands requisitioned by the Defence Department in the Province of Assam have not yet been released?

(b) Have compensation and rent payable for buildings and lands which have been de-requisitioned in the Province of Assam been fully paid up and if not, why not?

(c) Are the Provincial Committees set up by the Defence Department sometime in 1947, for the purpose of determining questions regarding the de-requisitioning of lands, houses, etc., still functioning and if not, why not?

The Honourable Sardar Baldev Singh: (a) No. Out of 884 buildings requisitioned for the Defence Services under the Defence of India Rules, 832 buildings have so far been released and out of 1,174 requisitioned plots of land measuring 61,436 acres, 1,096 plots measuring 55,575 acres have since been released, thus leaving 78 plots measuring 5,861 acres still under requisition.

(b) Yes, except in the case of 55 buildings and 301 plots of land, where the owners have refused to accept the assessed compensation. Efforts are being made to reach an early settlement.

(c) Committees were set up at Bombay, Calcutta, Delhi and Dibrugarh. The Committee at Dibrugarh was abolished on 21 August 1947 on the recommendation of the Government of Assam in view of the small number of properties remaining to be de-requisitioned. The others are functioning.

(b) WRITTEN ANSWERS

ABORIGINES IN CENTRALLY ADMINISTERED AREAS

*268. **Lala Raj Kanwar:** Will the Honourable Minister of Home Affairs be pleased to state:

(a) the total number of aborigines in the Centrally Administered Areas; and

(b) the names of places or centres in the Centrally Administered Areas where any special officers have been appointed to promote their welfare and look after their interests?

The Honourable Sardar Vallabhbhai Patel: (a) One lakh twenty-six thousand and seven were recorded under 'Tribes' according to the 1941 census.

(b) Government have not appointed any special officers for the purpose.

PARTITION OF ASSETS OF PUNJAB LIBRARIES

*264. **Giani Gurmukh Singh Musafir:** Will the Honourable Minister of Education be pleased to state whether, at the various Inter-Dominion Conferences between India and Pakistan, the question of partition of Library books and assets of the Punjab Library, University Library and Press Branch Library was discussed; if so, with what results, and if not, why not?

The Honourable Maulana Abul Kalam Azad: The answer to the honourable member's question is in the negative. These are essentially provincial matters and were not taken up at the Inter-Dominion Conferences in the absence of a request form either of the two Provincial Governments concerned for such discussion at the Dominion level.

REQUEST FOR ENGLISH TRANSLATIONS OF ANSWERS TO SUPPLEMENTARY QUESTIONS PUT IN HINDUSTANI

Shri O. V. Alagesan: Sir, I wish to raise a matter of some importance and seek the ruling of the Chair on it. The right of putting questions and eliciting answers is a very important right of the members of the House which should not be tampered with. In the House as at present constituted there are unfortunately some members who are not able to follow the answers in Hindustani, Urdu or Hindi and when they are unable to follow the answers they are also not able to put supplementaries and that would take away a very important right of the members of this House. For instance, to-day when myself and another honourable member from Bengal put supplementary questions the answers were given in Hindustani which we were unable to follow nor could we even have an idea of the nature of the answer and we were placed in the dark as to how to proceed further. At least in such cases when a specific demand is made that the translation of the answer should be given in English, will the Honourable the Speaker consider this suggestion and make arrangements in future at least to have translations given to members then and there, so that they will be able to put further supplementary questions and elicit answers. I should like to have a ruling from the Chair on this very specific matter of very great importance to the House.

Shri K. Hanumanthaiya *rose—*

Mr. Speaker: I do not propose to have any discussion on this. This matter has been dealt with in the House more than once. I have already made it clear that in cases where a person putting questions is unable to follow the answers in Hindustani I have been giving them the help of translations which are kept ready by my side. The honourable member's request is that translations of answers to supplementary questions should also be provided there and then, so as to enable him to put further supplementaries on those supplementaries. That is entirely a different proposition. Still, if the question was really of such importance, I should have considered even that suggestion. But I do not think it is possible to comply with the request of the honourable member that every supplementary answer will have its translation read there and then. That means the business of the House must be suspended or the answers to the supplementaries to that question will have to be held up till the translations are ready. The best course in view of the new set up of things now, is for honourable members to try their best to be conversant with the Hindustani language rather than expect translations in English. I do not propose to have any arguments over these points.

Wednesday
9th February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II —PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Official Report

70

Volume I, 1949

(1st February, 1949 to 23rd February, 1949)

Fourth Session

OF THE

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

1949

सत्यमेव जयते

CONTENTS

Volume I.—1st February, 1949 to 23rd February, 1949.

	Pages
TUESDAY, 1ST FEBRUARY, 1949—	
Deaths of Dr. Tej Bahadur Sapru, Mr. Akbar Hydari, Shri G.A. Natesan, Mr. M. Sbafi Daudi, Mr. Vellingiri Gounder and Mr. Abdul Matin Chaudhuri.	1—3
H.E. the Governor General's Assent to Bills	3
Statement re Loans from International Monetary Fund	4—6
Papers laid on the Table	6—24
Public Companies (Limitation of Dividends) Bill—Introduced	24
Tea Committee for India Bill—Introduced	24
Indian Emigration (Amendment) Bill—Introduced	24
Seaward Artillery Practice Bill—Introduced	24
Mangrol and Manavadar (Administration of Property) Bill—Introduced	24
United Provinces Provincial Armed Constabulary (Extension of Laws) Bill—Introduced.	25
Protective Duties (Amendment) Bill—Introduced	25
Banking Companies Bill—Presentation of Report of Select Committee	25
Ajmer-Merwara Tenancy and Land Records Bill—Extension of time for presentation of Report of Select Committee..	25
Chartered Accountants Bill—Referred to Select Committee	25—27
Payment of Taxes (Transfer of Property) Bill—Referred to Select Committee	27—56
Indian Tariff (Second Amendment) Bill—Discussion on motion to consider—not concluded.	56—65
WEDNESDAY, 2ND FEBRUARY, 1949—	
Statement on Disturbances in Durban, South Africa	67—69
Indian Tariff (Second Amendment) Bill—Passed as amended	69—97
Public Companies (Limitation of Dividends) Bill—Discussion on motions to consider and to refer to Select Committee—not concluded.	97—106
THURSDAY, 3RD FEBRUARY, 1949—	
Committee to examine rules of Procedure and Conduct of Business	107
Resolution re Community-wise Census of Assam, West Bengal and East Punjab—Withdrawn	107—11
Resolution re (i) Failure of Grow More Food Campaign (ii) Serving of Rice in Non-Vegetarian Hotels—Discussion not concluded.	111—53
FRIDAY, 4TH FEBRUARY, 1949—	
Scheduled Securities (Hyderabad) Bill—Introduced	157
Public Debt (Central Government) Amendment Bill—Introduced	157
Estate Duty Bill—Extension of time for Presentation of Report of Select Committee	157—58
Child Marriage Restraint (Amendment) Bill—Extension of time for presentation of Report of Select Committee	158
Resolutions re (i) Failure of Grow More Food Campaign (ii) Serving of Rice in Non-Vegetarian Hotels—Withdrawn	159—209
MONDAY, 7th FEBRUARY, 1949—	
Papers laid on the Table	211—12
Election to National Food and Agriculture Organisation Liaison Committee—Postponed	212—13
Election to Committee on Public Accounts	213—14
Public Companies (Limitation of Dividends) Bill—Referred to Select Committee	214—15

	PAGES
MONDAY, 7TH FEBRUARY, 1949—*contd.*	
Tea Committee for India Bill—Referred to Select Committee	216—27
Mangrol and Manavadar (Administration of Property) Bill—Passed as amended	227—43
United Provinces Provincial Armed Constabulary (Extension of Laws) Bill—Passed.	243—48
Seaward Artillery Practice Bill—Passed as amended	248—58
India Emigration (Amendment) Bill—Passed.	258—60
Protective Duties (Amendment) Bill—Discussion on motion to consider—not concluded	260—62
TUESDAY, 8TH FEBRUARY, 1949—	
Death of Mr. C. N. Muthuranga Mudaliar.	263
Protective Duties (Amendment) Bill—Passed.	263—66
Scheduled Securities (Hyderabad) Bill—Passed	266—73
Public Debt (Central Government) Amendment Bill—Passed	273—75
Banking Companies Bill—Discussion on the motion to consider as reported by Select Committee—not concluded.	275—306
WEDNESDAY, 9TH FEBRUARY, 1949—	
Banking Companies Bill—Discussion on motion to consider as reported by Select Committee—not concluded.	307—45
THURSDAY, 10TH FEBRUARY, 1949—	
Election to Committee on Public Accounts	347
Code of Civil Procedure (Amendment) Bill (Amendment of Section 82)—Introduced	347
Indian Tea Control (Amendment) Bill—Introduced.	347
Payment of Taxes (Transfer of Property) Bill—Presentation of Report of Select Committee	347
Banking Companies Bill—Consideration of clauses—continued	347—87
FRIDAY, 11TH FEBRUARY, 1949—	
Indian Penal Code and the Code of Criminal Procedure (Amendment) Bill—Referred to Select Committee	389—91
Workers' Provident Fund Bill—Circulated	392—95
Prevention of Free or Forced or Compulsory Labour Bill—Circulated	395—407
Indian Judicial Procedure Bill—Referred to Select Committee	408—14
Criminal Tribes (Repeal) Bill—Discussion on motion to consider—Allowed to stand over	414—15
Indian Bar Councils and the Legal Practitioners (Amendment) Bill—Motion to consider—Not moved	415
Motor Vehicles (Amendment) Bill—Motion to consider—Withdrawn	415—19
Hindu Marriages Validity Bill—Referred to Select Committee	419—28
Code of Criminal Procedure (Amendment) Bill (Amendment of Sections 4,29 (A), etc.)—Motion to refer to Select Committee—Not moved	428
Code of Criminal Procedure (Amendment) Bill (Amendment of Section 488)—Passed	429—30
Dentists (Amendment) Bill—Motion to consider—Not Moved	430
Societies Registration (Amendment) Bill—Introduced	430
MONDAY, 14TH FEBRUARY, 1949—	
Papers laid on the Table	431—33
Rubber (Production and Marketing) Amendment Bill—Introduced	434
Banking Companies Bill—Consideration of Clauses—continued	434—75

	Pages
THURSDAY, 15TH FEBRUARY, 1949—	
Time Table for the day's business.	477
Panel of Chairmen	477
Committee on Petitions.	477
Public Companies (Limitation of Dividends) Bill—Extension of time for presentation of Report of Select Committee	478
Banking Companies Bill—Consideration of clauses—continued	478—513
Presentation of Railway Budget for 1949-50	513—30
WEDNESDAY, 16TH FEBRUARY, 1949—	
Papers laid on the Table	531—33
Coal Mines Labour Welfare Fund (Amendment) Bill—Introduced	533
Banking Companies Bill—Consideration of clauses—continued	533—76
THURSDAY, 17TH FEBRUARY, 1949—	
Railways (Transport of Goods) Amendment Bill—Introduced	577
Banking Companies Bill—Passed as amended	577—613
Hindu Code—Point of order on the motion to consider as reported by Select Committee—Ruled out.	614—21
FRIDAY, 18TH FEBRUARY, 1949—	
Railway Budget—General Discussion	623—74
MONDAY, 21ST FEBRUARY, 1949—	
Motion for Adjournment re Fast by Prof. Shibban Lal Saksena—Disallowed	675
Death of Shri Kiran Shankar Roy	675
Papers laid on the Table	675
Public Companies (Limitation of Dividends) Bill—Presentation of Report of Select Committee	675
Railway Budget—General Discussion	676—717
TUESDAY, 22ND FEBRUARY, 1949—	
Governor General's Salary (Exemption from Taxation) Bill—Introduced	719
Dock Workers (Regulation of Employment) Amendment Bill—Introduced	719
Railway Budget—List of Demands	719—71
Demand No. 1—Railway Board.	720—71
General Corruption on Railways.	720—48
Insufficient Provision of amenities to passengers	748—71
WEDNESDAY, 23RD FEBRUARY, 1949—	
Essential Supplies (Temporary Powers) Amendment Bill—Introduced	773
Railway Budget—List of Demands.	773—820
Demand No. 1—Railway Board	774—820
General Administration with particular reference to Economy.	774—818
Demands Nos. 1—12; 15—19	818—20

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Wednesday, 9th February, 1949

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

QUESTIONS AND ANSWERS

(See Part I)

BANKING COMPANIES BILL—*contd.*

(11.50 A.M.)

Shri B. Das (Orissa: General): Sir, when we adjourned last evening I gave my support to the present Banking Bill as a step in the right direction—as the starting point to deal with the banking structure of India and for the maintenance of sound finance. I expressed my disappointment that the Government of India have taken no steps to bring forward an amending Bill to the Reserve Bank of India Act, so that the bank could be a properly nationalised bank. If we go over the debates that took place last September, member after member all over the House expressed the view that we have only nationalised the shareholders and the Government of India has yet to lay before the House a proper Bill to amend the Reserve Bank Act, so that it will function as a nationalised bank. In that debate the case of the Imperial Bank of India (which I characterised last evening as the favourite mistress of the former Reserve Bank) was also raised. The other day I pointed out that since the Government of India through the predecessor of my honourable friend Dr. John Matthai announced that the Imperial Bank of India will also be nationalised the management of that Bank has taken steps to Europeanise the higher staff to an abnormal extent. My mind goes back to the debate in 1934 when my late lamented friend Mr. S. C. Mitra quoted on the floor of the House that when the first Imperial Bank of India came into existence Sir Malcolm Hailey announced that steps should be taken to Indianise the Imperial Bank. In 1934 while we were discussing this question Mr. S. C. Mitra read out a statement in the House to show that the Bengal circle of the Bank had 110 Europeans and 19 Indians, the Bombay Circle had 68 Europeans and 8 Indians, Madras Circle had 50 Europeans and 9 Indians and the Central Office had 9 Europeans. During the debate last September I read out a passage from the speech of the Indian Chairman of the Board of Directors of the Imperial Bank. Parenthetically I might say that I entirely agree with my honourable friend Mr. T. T. Krishnamachari that the Board of Directors of the Reserve Bank are fossilised. Even so, the Directors of the Imperial Bank are mostly fossilised people who helped the British Government to maintain their rule over us and they are still helping the United Kingdom tradition to continue by their administration of the Imperial Bank. The Chairman of the Bank read out in his annual report that there are only 67 Europeans in the employment of the Imperial Bank. If that statement was correct, how is it that the bank has managed to increase the employment of Europeans to such an abnormal extent, which I pointed out the

[Shri B. Das]

other day. That is a minor point but I do not want fifth columnists and Quislings in the management of banks in India. I do not mind if the Imperial Bank was a public bank having nothing to do with any *State*. Unfortunately today it is carrying on the old tradition. From every sub-district treasury the money flows into the district Imperial Bank or the Provincial Imperial Bank and the Reserve Bank merely sits at the apex and asks the Imperial Bank to carry out its transactions. Today there are in every district and provincial town scheduled banks of very high status. Call it the United Commercial Bank, call it the Punjab National Bank or call it the Central Bank, over which my honourable friend Sir Homi Mody presides, they are discharging their national obligations and I do not think that the three banks I mentioned has any alien or Englishman to give them advice as to how to play treacherously with the national credit, so that England would prosper. Why is it that the Government is so chary as not to think of the transfer of national credit to itself. Why is it that they are still tied to their old exploiting mistress, the Imperial Bank of India? That is a point that must be solved. In fact that assurance was given by my friend Shri Shanmukham Chetty, the previous Finance Minister. My honourable friend Mr. Neogy while closing the debate in the last session said that the subject is fraught with certain difficulties. But we have to solve those difficulties. We have kicked out the Englishman from India. We have solved our problems and we are controlling the destinies of our nation. But today the Imperial Bank is my Enemy Number One. Unless it is properly nationalised and Indianised it will continue to be my Enemy Number One. It is no use the Finance Minister rising and strutting out that it is working for the good of India and for the good of Indians.

Sir, in the last session my honourable friend Mr. Ramalingam Chettiar raised the issue of the failure of the Reserve Bank in the matter of rural credit—in the matter of giving assistance to co-operative societies. We had a debate but we did not reach conclusions. Today I am surprised that my honourable friend the Finance Minister has tabled an amendment for raising the status of the officers of the Reserve Bank to the status of the I.C.S. bureaucrats that ruled us under the foreign regime and that still rule us under my own national Ministers. Today it has been a fashion with the Honourable Ministers to include in every Bill a provision that any mistakes done by the officers or the Ministry will be condoned. Today my honourable friend has gone to the extent of tabling an amendment that similar grace will be given to the Reserve Bank officers. Why should it be given? In what way has the Reserve Bank official—be he the Governor, the Deputy Governor or a senior officer—done more work than the private subscribed banks, for the development of trade, commerce and industry in India? The antecedents of the Reserve Bank have been discreditable. It helped to perpetuate British rule, during the war. It helped to freeze the whole Indian wealth and transfer it to England as sterling balance. That is its past. I have excused it. I am ready to condone it. But I am not going to allow the Reserve Bank official to seek privilege because he is identified with the bureaucratic service, the old Civil Service or the Indian Administrative Service, that he must be excused for all his mistakes committed in the past or hereafter. I do not think my friend Prof. Shah will agree to that. Yesterday he was saying that the employees of the other scheduled banks should have similar amelioration as the Reserve Bank employees. Why should the Reserve Bank officials get a special privilege simply because we have nationalised the Bank. We have nationalised the Bank, we do not want it to be bureaucratized.

I do hope that my honourable friend the Finance Minister will rectify an error of his Ministry committed last March that no warning was issued to the

Imperial Bank on going its merry way of becoming fifth-columnist and quisling in employing more Europeans so that the secrets of Indian national credit and Indian financing structure are always available to our enemies in the United Kingdom and elsewhere. Let mo hope he will do that immediately.

I would give another warning. I do not want the Reserve Bank officials trying to be another bureaucratic structure within the structure of the Government of India, following the chariot-wheel of the Grow More Food Ministry which spent Rs. 31 crores with no results, which believes in employment of more officials and incurring more national obligations for keeping hunger away from our doors. If the Reserve Bank is to function as a real national bank it must devote fifty per cent of its thought nnd action to the development of rural credit so that prosperity will grow in our countryside and not merely in a few cities.

12 NOON At present I do not think the Reserve Bank has got the brain, the knowledge, the nucleus, the staff to think of these. They are thinking only of how to maintain the credit of the Government of India in the present unwholesome position that we find ourselves in after gaining freedom. If the Reserve Bank derives its precedents and knowledge from the maintenance of capitalist structure of national Banks or Reserve Banks in America, Germany (of course the German Reich Bank is no more) or U.K. that is not the tradition we want them to build up. We want them to understand the spirit of the times, the spirit of the nation, and to pursue a policy that will bring prosperity and happiness throughout the country.

My honourable friend Prof. Shah made certain remarks that the Reserve Bank does not control the activities of exchange banks. We must have our connections with other nations and there must be exchange banks. The Imperial Bank, managed completely by Europeans, did not develop exchange bank activities in the past because it was not to the interest of U.K. and the exchange banks were exploiting us. I may be wrong. I was under the impression that the Income Tax Act, the Indian Companies Act and this Banking Bill give sufficient control. I wish to be explained if the present Banking Bill will give sufficient handle to the Reserve Bank and my honourable friend the Finance Minister to control and restrict the activities of these exchange banks. If that be not so I would tell the Minister of Finance that the House will help him in any measure that he will introduce to control the unholy activities of exchange banks in India. I do hope that my honourable friend the Minister for Finance would call for an explanation from the Reserve Bank as to its policy and decision about the control of exchange banks today and hereafter if the Bank really wants to perform national functions.

My honourable friend Mr. T. T. Krishnamachari referred to the appointment of an I.C.S. Governor for the Reserve Bank. If any I.C.S. person forgets his old place under the former Government and does not demand a special reserved place and special salaries and emoluments because he was recruited by the former British Government, he is an Indian national. I will give him my confidence, provided he does not want both the advantages of having been employed under the former British Government and the advantage of being an Indian national, and riding the high horse as a bureaucrat, as the knowledgeable man who knows the past and who helps my present Government because we have not the necessary man power at command to control our own destinies. That is a warning. I do not mean any particular I.C.S. man that will control the Reserve Bank. That is a warning to all I.C.S. people who are riding the high horse demanding their Rs. 4,000 salary per month because they were recruited under the British regime. They must either prove to be our nationals, or else let them be paid off as we have paid off many English I.C.S's and India has not lost anything nor is our future ruined as was predicted by these English officers before August 15th, 1947.

[Shri B. Das]

Sir, I will conclude my speech. I saw a particular passage in the editorial of the *Hindustan Times* today, which is relevant to the subject under discussion, as the point of prosperity and production was brought in yesterday partly by me and partly by my honourable friend Prof. K. T. Shah. It says:

"Prosperity can come only by way of production of more wealth by hard and sustained work. It cannot come by the easy way of go-slow methods, strikes, higher wages hoarding, perpetuation of scarcity and high prices."

Sir, I make a present of this to my socialist friends in the House and outside. My friend Prof. Shah demands more salaries for all bank employees in India. It is mere obstruction, go-slow movement in banking organisations as it is the go-slow movement in the industries all over India at present engineered by the dissidents in the Socialist group. I hope they will completely co-operate and remove that condition whereby India's national credit is at a challengeable position and whereby the Honourable the Finance Minister cannot really say that India has at present sound financial administration and that India's public finances are sound.

[*At this stage Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar).*]

Mr. Homi Mody (Bombay: General): Sir, I desire to say a few words in support of the motion before the House. The Bill has been necessitated by the defects and also the malpractices which the operation of banking in this country in the last few years has brought to light, and it is natural, therefore, that it should be restrictive in character. It is inevitable that when we legislate for the few, the many suffer, and so it is that we find the Bill providing for a number of restrictions which banking did not have before. All the same, banking interests have accepted the necessity of the measure and have also, agreed to most of the provisions that have been made. It is necessary in the public interest that banking should be conducted not only on sound lines, but should also be free from any frauds or malpractices that are apt to creep into business and industry.

The Select Committee set about the task in a spirit of realism and I endorse the tribute which my honourable friend the Finance Minister paid to its work. I would also like to add my own expression of gratitude for the opportunity the Select Committee gave to banking interests to put their point of view forward. My friends and I who appeared before the Select Committee, placed before them a number of practical considerations and I am happy to find that they were given serious thoughts, and a number of changes made. This shows the value of consultation on all such occasions with the interests which are concerned and which are able to bring to bear upon the problems under consideration a sort of expert scrutiny.

From the Minutes of Dissent which have been appended to the Report and from some of the speeches which have been made in the course of the debate, it would appear that a number of my friends here are anxious to make the provisions of the Bill even more restrictive. I readily grant that it is possible to make the protection which we seek to give the investor, the depositor and the public more adequate by imposing more stringent conditions upon the day to day operation of banking, but I put it to the House whether it would serve the larger interests of the public if banking were cribbed, cabined and confined by a number of provisions which, while they may help in safeguarding the public against the malpractices of a few, might render banking transactions extremely difficult.

Banking in this country has emerged from its infancy and, has grown into a vigorous boyhood, but it has still a very large way to go before it can be said

to subserve the full needs of the country. The record of the Indian banks since they came into existence—barring a few black sheep—is one which I think is extremely creditable. Banks have grown in strength from year to year, public confidence in them has been increasingly manifested, and today, deposits placed with Indian banks record a very imposing figure and are a testimony to the manner in which Indian banks as a whole have been conducting their business. Banks have passed through many vicissitudes and as I have said the record is not altogether free from blemish, but, by and large, the country has been served very well, particularly by a development which has been of recent years, that is, branch-banking. Indian banks are trying to reach out to as many places as possible in this vast continent and I think they are doing a very considerable service in the financing of agricultural commodities and the products of industry. (*An Honourable Member*: "Agricultural finance! Where is it?").

That being the position, an ill-conceived piece of legislation would have very serious consequences on the growth of banking in this country. The cry of nationalization is of the market-place and so long as it is confined to the market place, I do not think it can do much harm. The Government of India have last year defined their attitude towards nationalization of industry and have subsequently clarified their intentions. They are not likely to be deflected by irresponsible utterances outside this House. (*Prof. N. G. Ranga*: "Hear, hear.") But it is very difficult story when members of this legislature indulge in this parrot cry that is apt to create a considerable amount of apprehension in the minds of those who do not appreciate the implications of the position which people occupy as members of the legislature, (*Shri T. T. Krishnamachari*: "The impotence of the members of the legislature?"). Impotence or importance?.

My honourable friend Mr. Krishnamachari, to whom I have listened with interest criticised various features of the Bill. One of his criticisms was that there should be dividend limitation imposed, and he does not agree with the Select Committee in this respect. I put it to him whether it is right and fair that, before the national policy has been defined, he should single out one particular sector of the economy of this country for imposing a limitation of this character. I say, Sir, it would be grossly unfair, before the national policy was defined, to single out any industry and to incorporate in the control of that industry provisions for limitation of dividends. We have an Ordinance which is now being sought to be translated into a Statute; that Ordinance was designed purely to meet an emergency and its duration is limited to two years. When this Bill which replaces it runs out its course, it will be time to consider whether, as a matter of policy applicable to the whole field of industry, it is at all necessary to limit dividends. I personally feel, without seeking to anticipate the occasion when such a development may come about, that it would be a very disastrous thing if, without any special emergency, dividend limitation—became the law of the land.

My honourable friend, Prof. Shah,—I am sorry not to find him in his seat, as I will have to forego the pleasure of much of what I was going to say (*Shri B.L. Sondhi*: "Let us have it." Well, my honourable friend spoke for well over an hour and raved and ranted, called us "drones and parasites", and he stated that that was not enough. I suppose he did not go further, merely because he was out of breath. I do not know where Prof. Shah got his particular brand of political economy from.

Mr. Deputy Speaker: Order, order. Will the honourable Member kindly resume his seat? I do not know if it is right for him to say that another honourable member "raved". It is open to any honourable member to say

[Mr. Deputy Speaker]

what a particular set of people think is good for the country, but to point out to another honourable member's speech and say that that honourable member "raved" is not right.

Mr. Homi Mody: Sir, I accept it and I withdraw "raved", but I hope I can keep "ranted". My honourable friend ranted for well over an hour and I am wondering from where and under whose tuition he got his peculiar brand of political economy. (*Shri B. L. Sondhi*: "From your province.") I am sorry for my province; it does sometimes very peculiar things. If Prof. Shah's professors are still alive, they must be feeling very depressed over some of his recent performances, and if they are in the other world they must be violently turning in their graves. (*Shri H. V. Kamath*: "Are there graves in the other world") Well, I do not know. One of the things that Prof. Shah was insistent on was about the qualifications of Directors. I do not know why he should single out banks for laying down qualifications for Directors. Are qualifications laid down for any other thing? Is there any qualification, for instance, for membership of this legislature, except that one must not be of unsound mind, and if the members of this legislature who are discharging very responsible functions and who can make or mar the future of the country—if no qualifications are required for them, why single out the Director of a bank for any particular set of qualifications? And who is going to examine the qualifications? Prof. Shah? I hope not.

Prof. Shah would like anything and everything to be nationalised. I wish our first experiment in nationalisation would be to nationalise professors, bring them under regulation and control and see what can be done with them.

Prof. N. G. Ranga (Madras: General): He will have no objection.

Mr. Homi Mody: I am afraid another professor is going to be on his legs presently.

Prof. N. G. Ranga: Yes, we have no objection to be nationalised.

Shri B. L. Sondhi (East Punjab: General): Prof. Ranga says he has no objection.

Mr. Homi Mody: I have known Prof. Ranga for many years and from recent utterances it looks as if he was as vigorous as ever. I would have liked to have followed him, but he made no move; he sat quiet and I thought that I had to get up and intervene, at an early stage of the debate. (*Shri B. L. Sondhi*: "Prof. Shah is just coming.") I am sorry that whatever little I had to say about Prof. Shah had to be said in his absence. Since he has come now, the only other thing that I will say is this, that at the end of his speech he expressed the hope that, some day, the majority would be with him. I have no doubt that if we are in this House for another thirty, forty years and get into our dotage, we may agree with him some time, but until then, I do not think there will be any section in the country which he will be able to carry with him.

I wish very much that members of this House would realize their responsibilities before they talk in terms of nationalisation. Already, a great deal of harm has been done by the irresponsible talk—I am not accusing the honourable members of this House—which has been heard in many places. It serves no purpose. We all know that whatever our opinion may be on the policy of nationalisation, nationalisation cannot come about with our present resources, with the present industrial development of the country. Therefore, why talk about it? Why create confusion and apprehension in the popular mind by talking in season and out of season about nationalisation? It will be a particular disservice to the trade and industry of the country, not merely to banks, if anybody sought to nationalise banking institutions in the country. All over the world, where democratic institutions flourish, banks have been excluded

from schemes of nationalization, and I hope that, in this country, whatever our policy may be in regard to nationalisation in the next ten or fifteen years, at any rate, banks will be kept out. A Bank is a credit institution. It is a delicate plant and its sensitivity to any untoward development is considerable, and I hope, Sir, that whatever we may do in order to strengthen the banking structure of the country, in order to protect the investor, the depositor and the trade and commerce of the country against inefficiency or frauds or malpractices, we shall at least allow banking to remain as a private enterprise, which it is pre-eminently fitted to be.

Shri T. A. Ramalingam Chettiar (Madras: General): Coming, Sir, immediately after Sir Homi Mody, I should like to pursue one or two points that he raised. He raised the question that banking is a very delicate plant and we should not interfere with it and we should not talk of nationalisation and all that. After all, the purpose which any institution serves is the main consideration in ordering its constitution and its control. He forgets, when he talks in this strain, that there are institutions in this country which undertake at least in a small way the functions which these banks which he represents are performing at the present moment, which are able to get on with the controls and with what one may consider something going farther than nationalisation. I refer to the co-operative societies. Co-operative societies are institutions which are formed by the borrowers. My honourable friend (Mr. Mody) will shudder at a thing like that if any one proposes that the borrowers should form part of the directorate of the Bank which he represents. But, as a matter of fact, the borrowers form the co-operative societies. They are able to manage them. They are able to look after themselves and the interests which are near and dear to them. All this at a time when the bigger banks would not come to their help. They (the bigger banks) would not move their little finger to help them. Not only that; the constitution of these co-operative banks is exactly on the lines suggested by my honourable friend Professor Shah. Two-thirds of the directorate of the co-operative societies consist of borrowers and one-third consists of shareholders and depositors. That is how the Board of Management of the Central Banks all over India is constituted. Still, they carry on. They are able not only to manage the banks, but they get all the deposits they want. The present times are an exception. But, ordinarily, at any rate in Madras and Bombay, we have been able to get all the money we want for our transactions from the depositors. There has been no difficulty in getting the necessary sums from deposits. We are able to manage with all the restrictions.

Now, Sir, my friend shuddered at the idea of restricting dividends. Dividends have been restricted in co-operative societies. The Central Bank can give a maximum dividend of only 5 per cent in my own province. The Central Bank at Coimbatore has got transactions to the extent of nearly a crore of rupees, and the smaller banks deal with 20 to 30 or 40 lakhs. There is a restriction that no Central Bank can give dividend higher than 5 per cent to the shareholders. Not only that. We are able to manage by lending at a very low rate of interest. The Provincial Banks get deposits and lend to the Central Bank to be utilised for lending at 2¼ per cent. interest. Again, I am sure Mr. Mody will be very much surprised when I tell him that these banks finance the transactions of agriculturists and industrialists at something lower than 4½ per cent. We lend at low rates of 2½ per cent. for cultivation purposes and for marketing, and at 3 per cent. for other purposes. These are the rates in Madras. Probably in Bombay the rates are a little higher. This is how we are doing our business. The ultimate borrower in all societies gets money at 6¼ per cent. That is the maximum that we have fixed for lending to the ultimate borrower. With these restrictions, we are able to carry on.

[Shri T. A. Ramalingam Chettiar]

The question of liquid assets was raised both in the select committee and here. We are able to manage things with a little more control and higher rates of liquidity than what are imposed in this Bill for the banks. Mr. Mody complimented the Select Committee by saying that they accepted his contention that the dividend should not be fixed in the Bill. The reason for the Select Committee deciding that way was, however, different. It is not because we wanted to allow them to give large dividends. At least some of us thought 9 per cent. was too high. When we in the co-operative movement are giving 5 per cent and we are satisfied with it, I do not see any reason why we should fix it at 9 per cent. for new companies. That was the reason why I agreed that that clause ought to be deleted. When the Government are thinking of fixing the return for the capital invested in business generally, I do not see any reason why there should be a special provision in this Bill alone. I wanted that it ought to be a general provision applying to everybody.

Sir, in the Ordinance that was published, the rate fixed for new companies was 6 per cent. Here in the Bill it is 9 per cent. I thought there was no justification whatever for it. If after two years the Government are going to fix the rate of interest of dividend in every business, they will have to treat everything alike. The only consideration that was urged was that there were people who purchased the shares at very high rates and that they should not be let down. Of course I do not agree with Mr. Krishnamachari that we need not bother about them, that they lost heavily last year and can afford to lose heavily again. That is not an argument which ought to be accepted. But there is no objection to gradually reducing the dividend that is going to be paid. It is in that way that we agreed to the deletion of the particular clause.

Sir, after all, this Bill touches only a very small portion of the banking that is actually going on in the country. The great industry of agriculture is not very much helped by these banks which are coming under this banking law. Of course Mr. Mody was talking about marketing and about the help that these banks are giving for agricultural marketing. It is true that they do this business to a small extent. The major part of the internal marketing—it may be for export purposes or higher for classes of goods like cotton and ground-nuts.....

Mr. Homi Mody: All sorts of food-grains.

Shri T. A. Ramalingam Chettiar: They may be helping to a certain extent. But, for cultivation purposes, for improvement of land and for internal marketing, these big banks are of no help whatever. That is the sort of banking which we require most. Well, Sir, to the extent these concerns go, the only agencies that are in existence at the present moment are the indigenous bankers—the co-operative societies. To a considerable extent these societies have succeeded in replacing both the indigenous bankers and also the landlord who used to finance these people, and the traders who used to advance money and take the produce at very low prices.

Sir, one service at least the co-operative societies can claim to have done, *viz.*, that they have brought down the rate of interest in the mufassal to a large extent. That is a distinct service which the co-operative societies have performed.

Now the question arises: how are we going to meet the demands of the countryside, the rural banking? I am sure the big banks for which we are enacting this legislation will not be in a position to do that work. It can

only be by smallar institutions. In this, Sir, I differ very much from my honourable friend, Mr. T. T. Krishnamachari. He said yesterday that the small banks should all combine together; they should become big banks; they should be able to employ large agencies and they should function; otherwise, they should cease to exist. But he forgets, Sir, that in the case of agriculture, in the case of cottage industries and in the case of other small matters, it is these small banks and the co-operative societies, which even today are financing. It is those bodies that are performing the functions, which, he hopes, probably the larger banks will undertake hereafter. Sir, the larger banks with their branches will not be able to satisfactorily meet the requirements of these small concerns. It will be impossible, Sir. In many cases we have to depend on the personal security. There is very little security for a man employed in a cottage industry to give. Is the big bank represented by my honourable friend, Mr. Mody, going to advance to the small industrialist, who has got one loom in his cottage or a small cultivator with three acres of land? It is absolutely impossible. For these purposes, Sir, it is necessary that we should have smaller institutions, which will be in touch with the people, which will know the requirements of the people, their character and advance money when and where they require it. Sir, for that purpose, it is only the co-operative societies that can possibly take the place of the indigenous money-lender and the other agencies which are there at the present moment.

Sir, I should like to say a word about the indigenous money-lender. My honourable friend, Mr. Krishnamachari as well as Prof. Shah, both said that the indigenous money-lender is left out of this Bill. Of course, there is the legal objection that money lending is a Provincial subject, but apart from that, supposing we pass a law, how are you going to enforce against the indigenous money-lender? There are so many ways of evading anything, any law that you can pass. We have got, for instance, a Money Lenders' Act in the Madras Province which says that when a money lender goes to the court, he will not be allowed more than 15 per cent. on his lending. How much of that is really enforced? Well, a man who lends money can always take a document for double the amount. He can add the interest beforehand; so many things are done, and even if he takes the money privately and there is no account of it, how is it going to be proved. There are so many difficulties, Sir, in dealing with the indigenous banker. It is only by altogether taking him away and introducing some other institution to take his place, that the question of finance can be satisfactorily solved, and as I said, the only way in which it can be done is by very largely increasing the number of co-operative societies, strengthening them and giving them financial backing, so that they can meet all the needs of the rural population. That is the only course open.

Sir, the number of institutions now is no doubt increasing, but that is not enough. There ought to be better banking both financially and by proper supervision and otherwise to make these bodies really help the rural population and meet all their needs. In the Madras Province, for instance, there are 13,000 rural societies and there are 70,000 villages. They cater for about 20,000 villages at the present moment. There are still about 50,000 villages left out. A large number of co-operative societies will be necessary. But in addition to it, the co-operative societies now working are dealing with only some small credit, such as meeting cultivation expenses. We are trying to extend the scope of the lending. Even with that, Sir, it may not be possible to meet all the needs of both the agriculturist and the small artisan who are in the village. What is required is a strengthening of the co-operative societies and also putting them on a proper basis for working these. We have been hearing quite a lot about multi-purpose projects and one thing or another, but what exactly has been done? I am very sorry to say very little indeed has been done so far. I can speak with some authority about the co-operative movement in some parts of India both in Madras, some parts of Bombay and elsewhere. I can say that

[Shri T. A. Ramalingam Chettiar]

we have not even touched the fringe of the problem. No serious attempt has been made to place these co-operative societies on a proper basis with regard to finance that ought to be given to them and the method of work and the supervision. These are things which require very urgent and very careful consideration, if we are really going to solve this question of banking this question of financial assistance to the biggest industry of agriculture and the next biggest industry of the cottage industries. Leaving those aside, if we come to the bigger industries, to the commercial interests, there alone, the bigger banks come in and this banking law is going to apply only with reference to those matters. Even with reference to those matters, a serious flaw was shown by my honourable friend, Mr. Krishnamachari yesterday. The practice of the banks to ask for bills and to ask for warehouse certificates have stood in the way of much progress. I am glad Mr. Krishnamachari has changed today. When I asked, Sir, last year, that some representation should be given to co-operative societies on the boards of the Reserve Bank, I especially mentioned this difficulty and I said in view of this difficulty that has been felt by the co-operative societies, the Reserve Bank did not care to help us, then he was of a different view. Now at least he has changed. He finds the difficulty, Sir, that the practices that are followed by these big banks, including the Imperial Bank and the Reserve Bank have stood in the way of our getting the requisite finance for even the bigger bodies. Sir, we have been fighting the Reserve Bank for the last two years on this matter and only last week, we had a long discussion with the Agricultural Department of the Reserve Bank in Bombay. With reference to the question of the demand bills and the ware-house certificates, it is not possible for the co-operative societies and others to give them. In the old days when the Imperial Bank was not there, we had only the Provincial banks and they were satisfied with the co-operative paper. The Central Bank or the provincial bank were given accommodation on the security of the co-operative paper, but now the Imperial Bank has come in and they decline to look at the agricultural paper; the Reserve Bank came in afterwards and it was specially asked to help the agricultural operations and they also say: "We won't look at this co-operative paper." (*Prof. N. G. Ranga*: "Why?") Because it is not supported by any security. They want the warehouse certificates to support these bills. They want 'two good names', as they call it. We are prepared to give two names, namely, the two banks, both the Central Bank and the Provincial Bank, which are approved by them. But they are not satisfied. They say, "Section 17 of the Reserve Bank Act stands in the way and we cannot proceed with this." We are going to ask the Honourable the Finance Minister to introduce legislation without delay to remove some of the difficulties which the Reserve Bank is feeling with reference to accommodation they can give to the co-operative societies especially in these matters. We have suggested already with the concurrence of the Agriculture Department of the Reserve Bank that they should move the Government to make some alterations in section 17 of the Reserve Bank Act. (*Shri B. Das*: "But, they are so very slow"). Sir, so far with reference to the finances for co-operative societies.

Coming to industries, they are at the mercy of these bigger banks. I do not know whether it is known to the members of this House that we the industrialists in the Coimbatore District, textile mills, depended on the Imperial Bank of India for our finances. One fine morning, they sent notices that within two months we will have to clear all dues and that they will not advance money any further because they were told by their legal advisers that the security was not good. We found ourselves in a fix. Fortunately for us, the P. and O. Bank and the Central Bank of India came to our help and we were able to carry on. The P. and O. Bank and the Central Bank of India were satisfied with the security that we were able to give and we are carrying on even to the present day with the same sort of arrangement. But, the Imperial Bank of

India would not agree to the same terms and they said that we should clear all the dues. Such treatment is the reason, Sir, why there is so much demand for nationalisation of the Imperial Bank of India. When the Banking Enquiry Committee went into the country, there was so much evidence placed before it about the vagaries of the Imperial Bank of India, about the way in which they were financing our industries and our commercial transactions on the one hand and the way in which they were financing the transactions in which our European friends were concerned. Companies like Messrs. Spencer and Co. would be given lakhs and crores of Rupees without any security, for one signature; but the textile mills with large block capital will not be given working capital. Nobody went to them for block capital. That is the state of affairs. So, it is not at all surprising that from every side there is demand for the nationalisation of the Imperial Bank of India. I am very sorry that even within this Bill the Imperial Bank of India is not brought; it is outside this Bill altogether. I do not see any reason why it should not be placed in the same category as Scheduled Banks. Also I would like to ask the Finance Minister to consider and revise his oponion with reference to the natioualisation of the Imperial Bank. The sooner he can do that it will be better for everybody concerned. (Hear, hear). I would also say even from the administrative side, there will be a great advantage, because the Reserve Bank of India and the Imperial Bank of India have got branches in different places, and the Imperial Bank is the agent of the Reserve Bank, and all this duplication of machinery, of agency and everything else can go if the Imperial Bank is also nationalised and amalgamated with the Reserve Bank. It would lead to saving of money; it would lead to some sort of control by the Government and it will ease the situation to a very large extent.

As I said, we should have a clear idea of what we want and what we are going to do. With reference to the agricultural operations, with reference to cottage industries, with reference to small trading, internal trading, these banks cannot perform the functions. We will have to recognise this fact. We will have to bring into existence co-operative societies with powers, functions and financial backing so that they can do this work. Then, Sir, the biggger banks will come and the larger issues will have to be taken up by banks with which we are dealing. These banks will be able to function with the restrictions that are mentioned in the Bill. As I said, provincial Banks and Central Banks of the co-operative service are able to carry on with very much minuter control and stricter conditions than those embodies in the Bill and I do not see any reason whatever why they should in any way be restricted further.

I would like only to add one more restriction if my honourable friend Mr. Mody may consider, namely, that the present auditing is only a joke. Sir, the auditors are appointed by the managing director or (*Mr. Homi Modi*: "Appointed by the share-holders.") I am coming to that; I know what is being done, The managing Director or somebody in management go through the farce of having him elected by the general body. What is the general body? Has it ever gone against the wishes of the managing director or the manager? I do not agree with what my friend Mr. T. T. Krishnamachari said yesterday. We are finding it very difficult in the companies to get the requisite quorum for the meetings. Very few people come there. It is only by getting proxies that we are able to make up the quorum. Such being the case, to say that the general body is appointing the auditor and that the auditor is responsible to the general body is something which I cannot call real. Of couse, Mr. Mody wanted to take a realistic view of things; the realistic view is that the auditor is not appointed by anybody but the managing director. I would very strongly urge that the auditor should be appointed by the Reserve Bank or if that is considered too much of a change, at least from a penal given by the Reserve Bank, that at least should be done. With that change, I think it ought to be possible to approve of this Bill.

With reference to what my honourable friend Mr. T. T. Krishnamachari said yesterday, with regard to voting rights, I said how we are managing our

[Shri T. A. Ramalingam Chettiar[

general bodies now. Except when there are two parties interested, when there is a factious fight in the company itself, it is very difficult to get even a quorum. Proxies are obtained. How does it matter whether the shares stand in the name of one person or in the name of a person and his relations or he goes about getting proxies? That is the real state of affairs. I hope he will not press his objection in this matter very much.

With these words, Sir, I support the motion that is before the House.

Prof. N. G. Ranga: Mr. Deputy Speaker, Sir, I am glad my honourable friend Mr. Mody has spoken before me. I know now the mind of the hard boiled capitalist; I also know where his studies had begun and where they are likely to end or land him. I wish to assure my honourable friend Mr. Mody that whatever may happen to my honourable friend Professor K. T. Shah, who, I can assure him, to be a professor of professors in this country, I know certainly where Mr. Mody is going to land. He is going to land in the same place where Chiang Kai Shek has landed today. The studies which he seems to be making, if accepted by our country, are likely to lead us also into the same unfortunate plight as that of China.

I am very glad that this House is not going to accept the advice of Mr. Mody. It means unfortunate that Mr. Mody seems to have somehow acquired some additional gumption during the last few months. It may be because of the comparative success of the non-co-operation movement which he himself and his conferers are carrying on in this country with our own Government by blocking all the stocks and share markets and playing all sorts of tricks there. Sir, my honourable friend, Mr. Ramalingam Chettiar, has given a devastating reply. (*Mr. Homi Mody*: "Very much better than what you are giving!") to the few serious arguments that Mr. Mody advanced to-day. What is more, he gives serious advice to people: 'For God's sake, do not talk of nationalization because you are going to frighten away people'! If these capitalists are such shy birds, then I am afraid they are going to be frightened not only by nationalization but by very much less than that, and that is the solution offered by Mr. Ramalingam Chettiar namely the co-operatisation of banking and various other industries also.

Mr. Ramalingam Chettiar has shown to this House—I for one am very grateful for what he has said—how co-operative banking in this country has been successful in serving the agriculturist to a much greater extent than all the Scheduled banks put together. Mr. Ramalingam Chettiar has been very modest in his claims, but I can assure the House that he has been the President of one of the largest and biggest co-operative banks in this country, being the President of the Madras Co-operative Bank, and he knows what he has been talking about. This co-operative bank has been a success in this country and it is a bank of the borrowers and not of the lenders. Therefore the future of this country really lies not with these bankers but with the co-operative bankers, and it is the duty of the Government to go out of its way and render every possible assistance to co-operative banking as a whole. Every one knows that these so-called Scheduled Banks have so far touched only the fringe of the problem, and they have not been able to help our agriculturists: nor have they been able to help even the cottage industries. Have they at least helped the small industries, leave alone some of the bigger industries? If they had succeeded in that, there would not have been any need for any Industrial Finance Corporation, for which we passed legislation only some time ago, and for all the industrial finance corporations that are being brought into existence in all these various provinces. It shows that this private enterprise of banking which till now has been playing only a role of the dog in the manger has not been able to serve our country as well as it was expected to do. It may be a delicate plant. It certainly is but most unfortunately this does not seem to attain any sort of

maturity at all! I read when I was a student in Oxford that Indian banking was a very very delicate plant, which is sprouting and finding its way. It seems to be in the same position today, although my friend, Mr. Mody has now got the satisfaction of being the head of one of the biggest banks in this country! And what is its bigness? Its bigness is lost in oblivion. It is of no consequence. Its utility is not felt in the industrial economy of this country nor is it of advantage to its agricultural economy. He can feel proud of his position as the head of the Bank, but certainly this country cannot be proud not only of that bank but of the whole lot of the banks in this country because of the sorry figure that they cut in our industrial economy. (*Shri B. L. Sondhi*: "Question!") So far as nationalization is concerned, Mr. Ramalingam Chettiar, who besides being a prominent co-operator is also an important industrialist as my friend Mr. Mody, has given the answer namely that he is in favour of the nationalization of the Imperial Bank. I said that my friend has not come forward and said that the Imperial Bank should be at least nationalised. I can understand that attitude because it is a sort of an *esprit de corps*.

Shri K. Hanumanthaiya (Mysore State): Why not ask Dr. John Matthai?

Prof. N. G. Ranga: I can understand that.

Mr. Deputy Speaker: The honourable Member may continue his speech after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

Prof. N. G. Ranga: Sir, before the House rose for Lunch I was referring to the remarks made by my honourable friend Mr. Ramalingam Chettiar regarding the Imperial Bank. I am really glad that such an experienced businessman and banker like Mr. Chettiar has himself demanded the nationalisation of the Imperial Bank of India. That ought to be a good enough answer to my honourable friend Sir Homi Mody, that the talk of nationalisation is not to be restricted to the markets but it could come into this House and that too from very sound and responsible quarters just like those of himself. I wonder why the Finance Minister has come to the decision not to nationalise the Imperial Bank at all. I would like to remind him that his own predecessor, himself a businessman and an industrialist, Mr. Shanmukham Chetty, was himself in favour of nationalisation of the Imperial Bank and more than once gave the assurance in this House that the Government were keen on nationalisation of that bank and that they were only waiting until it would be possible for the Imperial Bank to get clear of its own liabilities and assets and other responsibilities in Pakistan and then make it possible for our Government to nationalise it. This House has every right to demand a full explanation from the Finance Minister for this decision and I can assure him that it is a very very unpopular decision so far as the people and this House are concerned.

Sir, it is well known how antinationalistic and anti-Indian this Imperial Bank has been and it is, as everybody knows, the biggest bank in this country with the largest number of branches all over India. Naturally it has in its hands the power either for mischief or for good and it has been using this power not in the interests of the people, at any rate certainly not in the interest of the people away from the three or four cities of this country. Sir, in every other direction we have been having complete Indianisation but have we been able to achieve this Indianisation at least in the Imperial Bank of India? We have not achieved anything at all till now. We have been talking

[Prof. N. G. Ranga.]

about it for years and years and that is another reason why I am angry with the Finance Minister for not having given us any assurance that he would be bringing forward a Bill for the amendment of the Imperial Bank of India Act in order to nationalise it or at least to better control it and see that it becomes a national institution, if not completely nationalised. Even that will not satisfy us. We want the complete nationalisation of the Imperial Bank and I wish to sound a note of warning to the Finance Minister. Have we been able to control these banks and bankers even during the time when banking is not nationalised in this country or prevent them from playing at any time any sort of mischief at all with our finances in this country? The most important thing for the Government to do is to get the control of this biggest bank in this country and thus have a kind of safeguard against any sort of strike on the part of the bankers. Therefore looked at from any point of view you like it is most necessary that the Imperial Bank should be brought under nationalisation.

My friend Mr. T. T. Krishnamachari was rather unhappy about the results of the nationalisation of the Reserve Bank. I do not know why. I thought he was himself a party along with all of us to the nationalisation of the Reserve Bank. I thought he was also enthusiastic about this demand of the country that the Reserve Bank should be nationalised. Now that it has been nationalised he comes and says "Look at the manner in which the Government of India and its Finance Minister have appointed these various Directors to the Reserve Bank Board." Well, it is quite possible that Mr. Krishnamachari's complaint is quite correct when he says that labour, economists and other people have not been represented on this Board. But it is because the Bank has been nationalised that it has become possible for my honourable friend to make this complaint. Is it possible for anyone of us to find fault with Mr. Mody or any other Chairman of any of these big banks about the appointments that they themselves make? We cannot. We have no hold over them we have no control over those people. Therefore to that extent at least we should be glad that the Reserve Bank has been nationalised so that this House has come to have the right and any one of the members of this House has now the right to complain whenever anything goes wrong with the Reserve Bank and whenever the Finance Minister makes a bad choice in any appointments that he himself makes concerning this particular Bank.

Shri B. Das: He is not against nationalisation. He is against its present method of working.

Prof. N. G. Ranga: He did not express that much approval of the nationalisation of the Reserve Bank as one would have expected from him. I wish to warn my friend Mr. Mody that these bankers cannot continue to have their monopoly for ever. Co-operative banks are coming up to compete with them and what is more the ordinary people themselves are beginning to take things into their own hands. Let me remind him of the fact that in South India in a period of only 2½ months in five districts alone it was possible for the ordinary peasants to organise 125 producers-*cum*-consumers co-operative societies and place at their disposal as much as 1½ crores of paid up share capital. I want to know how much any one of these big banks in this country has got as its paid up share capital and whether any one of them has as much as 1½ crores of paid up share capital. (*Mr. Homi Modyn* "Many.") When has it been paid in? Was it within a period of 2½ months and in a small area of five districts alone and confined to the producers? (*An Honourable Member*: "There is the money"): There is the money but what is it that the banks have been doing till now? If the banks have been so very efficient and capable why did not they win the confidence of the people? Why is it that they have failed to draw into their coffers all the money there is in the country. That

is why I say that if the provincial governments were to pursue the policy of co-operation, which I hope they would, and if my honourable friend were to pursue a more popular policy of canvassing for the national savings certificates, it would be possible for them to develop many co-operative societies and to draw into the Industrial and Finance Corporation as much money as they want independently and in spite of these bankers and banks and in that way help our people to finance agriculture, industry as well as commerce.

I am glad my honourable friend Mr. Krishnamachari has raised this point of bills. Mr. Ramalingam Chettiar has rightly complained how the Imperial Bank and the Reserve Bank have been non-co-operating in the development of this Bill habit as an important means of financing our agriculture. I have known a number of loan and sale co-operative societies, and co-operative marketing federations also, which have advanced money on the collateral security of grain stores to our peasants. These stores are all ordinary structures put up by the peasants without any *pucca* building or anything like it and they have been insured against fire. It is against these stores that the loans have been advanced. I do not see any reason why the bills that can come into existence as a result of these loans should not be treated as negotiable bonds by the banks, and especially the Imperial Bank and the Reserve Bank. Till now it has not been complained anywhere that the stores have gone out of existence because of theft. It is true sometimes they have been destroyed by fire. But they have been insured against fire, and the insurance companies that have insured them against fire have not gone broke. Therefore it can be seen that so far as the stores are concerned they are generally safe, they are properly kept, and whatever money has been advanced against these stores has been realised by the co-operative organisations as well as the local banks. Therefore I think the Honourable the Finance Minister should take an early occasion to bring forward the necessary Bill or take any administrative action necessary in order to make at least the Reserve Bank of India, and if possible the other banks also, to issue these bills against these collateral securities so that it would be possible for them to finance agriculture much more efficiently than they have been able to do till now.

There are a few good features in this Bill to which I would like to draw the attention of this House. There is the Explanation to clause 5 which permits any company which is engaged in the manufacture of goods or carries on any trade to accept deposits of money from the public for the purpose of financing its business. This is a very important thing and I hope many such companies will take advantage of this provision.

Then there is item (j) of sub-clause (1) of clause 6 where these banks will be empowered to establish or support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences etc. This is likely to help a number of such organisations with the aid of the banks.

Then there is item (a) of sub-clause (1) of clause 10. It is a very short provision, but it is indeed very good. It reads "No banking company shall employ or be managed by a managing agent". It is just here I think my honourable friend Mr. Mody will admit that at long last an important reform like this has come to be adopted by the Select Committee itself, a reform against which his class has fought terribly about twelve years ago when this question was being discussed while the Companies Act Amendment Bill was on the anvil. (*An Honourable Member*: "It is not a new thing"). It is not a new thing but twelve years ago it was achieved. And how was it achieved? In spite of these people. There were people even in those days like my honourable friend Prof. K. T. Shah. They wanted a reform like this and they were treated in the same shabby manner in which my honourable friend tried to treat Prof. Shah this morning. Nevertheless even when my honourable friend Mr. Mody is still in the full possession of all his faculties this has come to be such an established thing that he has actually swallowed it without a tremour whatsoever and allowed it to be incorporated in this Bill, and I do not

[Prof. N. G. Ranga]

see any amendment in his name to the effect that this provision should be deleted. Similarly I shall not be surprised that within the next five or ten years—on this side of ten years—this national business of banking might become a serious as well as practical proposition.

Then there is clause 13 which deals with restriction on commission, brokerage, discount etc., on sale of shares. I welcome this.

Also clause 15 which deals with restrictions as to payment of dividend. This clause has had a very unfortunate history. At one time they wanted to put a restriction. Now my honourable friend says that such a restriction need not be put in at all. He tried to convince us, at another place, and I thought with some success. The only thing I can say is I have yielded to his pleading, not because I am convinced but because I find that the limit of 9 per cent. which was suggested by the earlier Select Committee is too high—there I agree with my friend Mr. Ramalingam Chettiyar—also because this is not just the time when we should be going into it and there is plenty of time for us to come back to this matter and deal with these gentlemen so far as the maximum limit of their profits is concerned.

Shri B. L. Sondhi: By 'these gentlemen' do you mean Mody and Company?

Prof. N. G. Ranga: Well, yourself also included.

Then there is clause 35 which is about inspection. In regard to this my honourable friend Dr. Matthai was trying to say that periodical inspection is not such a good thing. I cannot agree with him. This is likely to do more harm. The moment the Reserve Bank of India or the Government of India were to take into their head that this sort of inspection is necessary in the case of any bank, well, the credit of that bank will go down and it is quite possible that there may be a run on its resources. Even if there is no run if the credit of the bank were to go down and in the share market its stock also were to come down, certainly it will deal a woeful blow to that bank, if not a death blow. What ought to be done is to provide for an annual inspection, a regular inspection, and in addition to that if at any time in the course of the next year the Reserve Bank of India or the Government of India were to find that the affairs of any particular bank are in a very bad state then it is open to them to order a special inspection if they are so minded.

Lastly they have taken to themselves a very large power to exempt in certain cases. Clause 53 reads thus: "The Central Government may, of course, on the recommendation of the Reserve Bank, declare by notification in the Official Gazette that any or all of the provisions of this Act shall not apply to any banking company or to any class of banking companies either generally or for such period as may be specified." I take very strong objection to this. This is a sort of sweeping power that the Government of India has taken for themselves, and on the recommendation of the Reserve Bank of India. The Reserve Bank of India may decide in favour of exempting any one bank or any class of banks or any group of banks in any particular area or the whole of India. Is that any reason why the Government of India should exempt those banks from any provision or all the provisions of this Bill? I do not think really it is a very desirable demand to make on this House. It is also quite possible that unnecessarily the Central Government may come into bore with this House as well as the public for any sort of exemption that they may give to this or that persons or group of persons interested in one or two or group of banks. Therefore it is only right that they should not ask for such a sweeping

power to exempt. If they want to have any such safeguard at all they should really take care to restrict the scope of this clause 38.

Sir, I have done. I only wish to say one thing more and that is I certainly cannot feel very happy at the hesitation that the Government of India is showing from time to time to give effect to their own policies. This nationalisation has been made into a sort of fearful bogey by our own businessmen and our own leaders have come to be very nervous about it. They do not want anybody to talk about it with the result that my friend Mr. Mody was bold enough to say, and give a sort of exhortation "Never talk about nationalisation at all". Well, he has learnt his lesson in those days and in those universities —either in England or in India—which have gone out of date. Let me remind him of a book called "Economics of Welfare" by Prof. Pigot—not Prof. Shah who seems to be such a bugbear to my friend—of Cambridge University. It is a very respectable University I may tell him, much more respectable than any University that my friend can conjure up. He has written that book and on Economics and Welfare—that is the most important thing.

Secondly, the idea of economics of the world is changing every day. The economics of Dewey has been dismissed by the American electorate and it is the economics of the New Deal and of Truman which is ruling in Wall Street. It will also very soon be the economics of Pandit Nehru which will be ruling here in this country and not the economics of Mr. Mody. And Pandit Nehru's economics will demand that everyone of these concerns should make the public welfare at their primary concern, not making profits for their shareholders. It is from that view-point that I give my general consent to this Bill and also say that I am certainly glad that this Bill is being brought forward, not to give any more powers to these banks but to control those powers, to trim them, to keep them under proper control and to make them behave in the interests of their shareholders, depositors and the general public. I sincerely hope that once this Bill comes to be passed into an Act our State will come to have sufficient information in regard to the activities of these banks and sufficient experience also in controlling these banks so that it would be possible for them within the next five or ten years to seriously consider the nationalisation of groups or blocs or the whole of the banks in our country.

Mr. Nazirudin Ahmad (West Bengal: Muslim): Sir, after some experts have spoken on a technical subject like this, it would perhaps be proper for a layman like me to say a few things which may not be very much appreciated by the experts but which would probably be appreciated by some laymen in the House. I submit that the Bill aims at curing a large number of vicious practices which have grown up amongst our indigenous banks. There has been a plethora of mushroom small banks many of which have gone into liquidation having done an enormous amount of mischief to people, and a very large number of middle class depositors have been ruined. It is therefore just fit and proper that the Honourable the Finance Minister should come in and try to tighten up banking procedure, though in that process some big and soundly run banks also have to suffer some little inconvenience. But there is the power with the Government to exempt any bank from the operation of the provisions of the Act. It is therefore in the larger interest of sound banking that this Bill has been brought. We have the experience of a large number of banks failing, particularly in West Bengal, and coming from that Porvince I have to submit that the law should be tightened to the maximum extent to prevent any kind of mismanagement by the banks.

With regard to the limitation of dividends, the experts have differed. But the plain commonsense point of view will be that dividends should not be limited. Somehow or other it is felt that high dividends naturally imply some kind of exploitation. But I do not think that is so. The dividend of a bank

[Mr. Naziruddin Ahmad]

depends upon the efficiency and the policy of sound expansion with which the bank runs. A bank may charge very small interests for the advances in the course of its business, thereby increasing its efficiency and thereby again securing large business and make a good marginal profit. If you limit the dividend, the incentive to improve and deserve more business would to a certain extent be taken away. What is after all the harm if a bank makes a large profit? A large part of this profit comes to the exchequer by way of taxes, and a large part of this profit goes to shareholders who are our very people by way of dividends which encourage them. These investors become more and more solvent, spend more and enrich the country by helping circulation by increasing the buying power of the people. I do not see anything inherently wrong in an undertaking making profits so long as they do not use unlawful or questionable means or exploit the people. That is a different thing all together. But the mere fact of a bank or a concern making a profit should not be a matter for concern at all. It should rather be highly encouraging in view of the fact that the exchequer as well as the country are profited thereby.

But a very distinguished member of this House has cited the example of co-operative banks paying very small dividends. That is due to the fact that a co-operative organisation is run for mutual benefit and the members are given concession rates. If co-operative banks try to pay more dividends then the very cheap rates at which the members would be entitled to get loans or buy goods or enjoy the benefits will be curtailed. The very fact that the dividend is limited makes it possible for the co-operative banks to offer their services and sell their goods to members at specially cheap rates. So the members profit in two ways. First of all they are getting things cheap and cheap money-credit; and secondly by way of dividend. So the limitation of dividend in their case does not go against them but rather benefits them indirectly. There should therefore be no comparison between the limitation of dividends in co-operative organisations and the limitation of dividends in banking concerns. I think from these points of view there should be no attempt to limit the dividends. That would be limiting the efficiency of the banks. In these circumstances they should be allowed to make the profit. Of course, as I have already submitted, if they use any wrongful means or means which are injurious to the public, it is a different matter and should require correction. But efficiency and expansion and consequent profit should never be discouraged.

With regard to nationalisation much has been said by experts and they have criticized each other mercilessly, and each side has tried to show that their opponents are hopelessly wrong. It would therefore perhaps be not out of place to place before the House a layman's point of view. I submit, Sir, that nationalisation should not be made a slogan. It should not be asked for simply for its own sake. Nationalisation or no nationalisation must depend upon one simple practical formula and that is efficiency. If it is possible for a private business house to run a bank, a business or producing concern more efficiently and cheaply and therefore in the better interests of the people, then it should not be nationalised. If on the other hand, the taking over of a business concern by Government will lead to better and cheaper and more efficient production and ultimate good of the country by way of sound and efficient management, then it should be nationalised. Nationalisation should be considered with respect to each industry and concern on its own merits. By the very fact that we talk of nationalisation, it creates wonder and bewilderment and creats nervousness in the money market. I shall explain how. Perhaps it is not realised in the House that it is not the capitalists alone but a very large number of the middle classes who supply the capital to industrial undertakings. Now any nervousness on their part would be extremely undesirable.

The result of this is that sound floatations are not subscribed to the fullest extent; consequently industrialisation is suffering. We do not gain anything by mere talk of nationalisation, expropriation or limitation of dividends. If it is to be done, it should not be merely talked of. Talking like this in season and out of season really creates much confusion in the market. Of course, I talk as a layman. I have not the responsibility of experts or even that of people like Prof. Ranga who is the leader of the Kisan movement. But I think I have the right to express the onlooker's point of view as a layman. If nationalisation is to be accepted, it should not be accepted indiscriminately as a principle. The matter should be carefully considered. It is initially a matter of financing. Government has to find the money to buy up the Imperial Bank and other concerns. Then the most crucial question is whether the Government should be able to run its business on a sound basis as a business concern would do. The largest business which Government has undertaken is the Indian Railways. It is badly managed. During the war another business was taken by the Government—the Civil Supplies Department. It was run badly and is still run badly. Government management is not necessarily very effective. The authorities who run Government business or offices are trained on a different line altogether. They are accustomed to redtapism. Notes and counter notes, sanctions and approvals from their machinery. They are accustomed to look to rules more than to efficiency. In fact, a Government official who sticks to the letter of the rules even ignoring the substance and causing much loss to Government, will be regarded as an ideal officer. A man of least resistance, a man who does not come into clash with anything but who just goes on lubricating his way up is a successful government official in fact, flattering high people, mixing with them, pampering to their wishes and fancies—this is what I mean. There are some government officials who have a way of lubricating themselves into high positions. These are the best Government servants. But in a business concern a man who does not break the rule to save a profit or to prevent a loss, would be chucked out at once. His training has been from the point of view of efficiency. Government training has been from the point of view of subservience to rules. So Government machinery, unless trained particularly to run properly on business lines, would for the time being fail to run business undertakings. So we shall have to consider the financial implications, the efficiency and other things and not merely talk of nationalisation for its own sake. That I believe is the middle view between the two extreme expert views. I think we should approach the question from that commonsense point of view.

With regard to the general principles of the Bill, I am in full agreement except that I want to tighten the procedure and the machinery here and there. I have submitted some drafting amendments. With regard to these, we have the perpetual grievance that drafting of Bills is very badly done. Somehow or other, any kind of English is considered to be good enough. If any amendment is moved, it is always said 'Let us have the original; what is the good of a change?'' If there is anything bad in a Bill, it is said "What is the harm?" But I believe that when a Bill has to be passed by the House the House has a right to be better served in this respect. It may be that the draftsmen are put to very hard test because they have a very large number of Bills to deal with. In fact, last year we have put on the statute book a record number of 67 Acts. I believe at the rapid rate we are proceeding, we may break our own record in 1949. I submit that the Banking Companies Bill is being rushed through. After it has come from the Select Committee, very little time has been given to us to consider the matter. It is not enough that the Bill is conceived on right lines. We have to see how the machinery fits in with facts, how the language is suitable to the idea, how anomalies, deadlocks and difficulties are avoided. I have had to submit a very large number of amendments both of a drafting nature and others which are known as

[Mr. Naziruddin Ahmad]

"substantial" amendments as if drafting amendments cannot be substantial amendments I submit they should be a little carefully considered by the Department.

In the course of two or three days I have had to submit a large number of amendments. Honourable members may easily see the difficulty of drafting so many amendments, copying them, presenting them to the Department and of course putting them to so much more work and then being ignored by the House as being so much nonsensical mischief. I am not speaking by way of complaint. I believe that the members of the Select Committee and the members of this House have a right to be better served by the draftsmen. It is in fact not the business of members to look to drafting. They give the idea and it is for the draftsmen to put them in proper shape. In this case, honourable members. They seem to feel that the interests of the depositors are somewhat, but the clauses have not been redrafted in the light of the amendments but the clauses were amended by a kind of scrappy patch work. I believe many of our Bills will give rise to large number of litigations and the very lawyers who are somewhat in disfavour in the House will benefit by bad drafting. It has already been said that our Draft Constitution is a lawyer's paradise and many lawyers are likely to make very good business out of it. On the whole, I heartily support the principles of the Bill and I think the Honourable Minister for agreeing to be rather very strict in tackling the banking problems. The interests of the depositors should be safeguarded. In this matter also there is some kind of fallacy lurking in the minds of some honourable members. They seem to feel that the intrests of the depositors are something antagonistic to the interests of the nation. But, are not the depositors our own nationals? By safeguarding the interests of the depositors, shall we not be safeguarding the interests of the nation? If we destroy the interests of the depositors and constituents of the banks, would we not be shaking the credit of the people in our banking system?

There is also noticeable in the House a tendency to ignore and criticise the bankers as if they have no part to play in the economy of the country. I may assure honourable members that I am neither an industrialist nor a banker. I am only a constituent of a bank with a minus balance. But I believe constituents of banks form a very large part of the country and therefore their interests cannot be ignored on the supposition that their interests are antagonistic to the interests of the country. I submit that the interest of all must be looked into. The industrialist has his part to play, the capitalist has his part to play, the middle classes have their part to play and the labourers and the kisans, who are the beloved of some sections of the House, have their part to play. But, I believe, somehow or other, the capitalist and the industrialists know how to take care of themselves. Nobody can really touch them. As regards the labourers and the kisans, they are the object of special care of some and have somehow or other many friends. The class of people who require protection are the middle classes. They are hard hit everywhere. The Honourable the Prime Minister said a few days ago that the middle classes are the hardest hit. They are the object of ridicule and criticism and are often looked upon with some kind of animosity as if they are parasites of society. Under one measure or another, you always hit the middle classes. Under these circumstances we should take a balanced view and creat harmonious relations between all sections of the people. We should approach this Bill from that point of view. With these few words I support the first reading of the Bill.

Shri M. Ananthasayanam Ayyangar (Madras: General): Sir, the debate on the whole has been very favourable to the report of the Select Committee. I find two extreme views given expression to. Naturally, on a matter of such importance, as the banking system is the soul of the economic life in any country, much interest is evinced by honourable members. Two friends, two important members of this House come from the same province. One is a theorist and the other is too much of a practical banker. One is a Rightist and the other is too much of a Leftist. One of them was a member of the Select Committee and the other appeared before that body as a witness and gave evidence. They have both spoken on this measure this morning. The Select Committee tried to steer a middle course between the opposing views held by these gentlemen. I think it was right that it did so.

Sir, honourable members should know the previous history of this legislation. Before the Company Act was amended in 1937, there was no separate banking law at all for this country. For the first time a Chapter was introduced as 10-A in the Company law. It was, before that time, holding the same position as any other joint stock company in this country. Now, the need was felt to put separate restrictions regarding the maintenance of reserves and so on. The considerations regarding banking business are in many cases different from those relating to industrial concerns though all these concerns can be registered as joint stock companies under the Companies Act. Therefore it was that a separate Chapter was introduced. Even then, the late lamented Sir N. Sircar, who pilotted the Bill, gave an assurance that soon after, he would introduce a regular banking Bill devoted purely to commercial banking and, if possible, to other kinds of banking in this country. Thirteen years thereafter, we have got this for consideration before the House. On a prior occasion a Bill was referred to a Select Committee and that body went through the matter carefully. The Assembly was then prorouged necessitating that measure coming before another Select Committee. We have now got its report before us. It is now as if this matter has not been considered fully and all shades of opinions consulted.

Sir, an observation was made by a member yesterday that the smaller banks were not allowed to appear before the Select Committee, where as by some fortuitous circumstance or indirect method Mr. Mody tried to submit a memorandum to the Committee and also gave his evidence. The correct position is not that. On a prior occasion we went from day to day into this matter and a number of witnesses came representing all shades of opinion in this continent. There came before us small rats, big rats, puny rats, white rats and also black rats. The Exchange Banks were represented, the Imperial Bank was represented, the National Bank was represented, the Central Bank was represented and the Allahabad Bank was represented. The small banks of Calcutta and the smaller banks of Madras were also represented. No shade of opinion was allowed to go by default. Mr. Mody who did not appear before the Committee on that occasion, gave us the benefit of his advice on this occasion. We are not going to be too much in his pocket, nor are we going to throw away the volume of experience he has gathered and placed before us. After all what did he say? He does not want to go against the interests of the country. You cannot say he has become a white man. He is a dark man and continues to be darker in colour. A good deal of material was placed before the Select Committee on behalf of the middle classes also. Even the Secretary of the Shareholders' Association of Madras—nobody knows that Secretary and none can impute any partiality to him for the industrialists of Bombay. The best of opinions we had from Bombay and other parts of the country. Now, I agree in some respects with the advice given to us by Professor Shah and I agree with the manner in which Mr. Krishnamachari tried to improve this Bill. Professor Shah wanted this Bill to be enlarged so as to cover private money

[Shri M. Ananthasayanam Ayyangar.]

lending by individuals also. That matter was considered by the Select Committee. I am not giving away any secret when I say that the reason why we did not go into that matter was this: we did not want a comprehensive legislation, nor did we stand by the technical objection that the Centre has no right in this matter. If it were necessary we may provide for this in the Constitution that with the consent of the provinces we can introduce comprehensive legislation. But some of the Provinces, as honourable members know, have already introduced and passed various pieces of legislation differing one from the other according to the necessities of each province regarding money lending. Also, the Reserve Bank of India, three years ago, said in its report that, for sometime to come, we cannot do away with the money lenders in the villages. Until we are able to introduce multi-purpose co-operative societies or other financial corporations to help agriculture and also supply the necessaries, we will have to get on with this system. There was one point which we considered and that was whether we are to wait until there is another committee or commission to bring this matter also within the purview of this Bill or we may proceed with the Bill as it was, at any rate regulating the joint stock companies which were not being regulated properly. Apart from other considerations, we thought that immediately it was necessary to bring into existence a comprehensive legislation dealing at least with the major problems of the major banks. Therefore, Sir, it is not our intention to exclude this aspect. I am sure the Provinces will follow suit and bring in comprehensive legislation on the lines of scrutiny by bankers who are individuals, partnerships or *nidhis*, and so on.

As regards the object of the Bill, it is natural to expect that this banking legislation over which so much thought has been bestowed should not merely safeguard the interests of the depositors. I agree safeguarding the interests of the depositors must be one of the primary objects, but if it is merely to keep the surplus money of the depositors, an iron safe may be built in the centre of the heart of Delhi, the entire money may be kept there and the key may be deposited with the Honourable Minister for Finance. It is the money of the masses. The money that goes into the banks should not stagnate, but flow back to the masses, so that the industrial and agricultural economy of this country may grow and ultimately the wealth of the nation may grow. Lots of money are here rotting in the Imperial Bank and people are prepared to place their money there even without interest as deposits and without giving a pie to the villager. Those people who have surpluses cannot live or sustain their existence without the help of those millions of the masses who are rotting. Anybody who has the interests of the country at heart would certainly ponder—for whose benefit are we making this legislation? It is for the middleman. Is it for making Mr. Mody the richer that we are spending 2-1/2 to 8 months here? Naturally the question arises as to whether we ought to make sure that this money will flow. The bigger banks are trying to swallow the smaller banks, because they cannot lend by themselves. As it was said, the Central Bank cannot go to a village and themselves lend, to a man who has got three acres of land or a sheep farmer or one who has goats. Such are the persons who will encourage such things. I make a reference to China and my honourable friend, Prof. Ranga referred to the unfortunate position in which the leader is, but I do not look to this system of banking by this statute. Though it has not progressed, they have had the apex bank, the industrial bank and the commercial bank and so on. Therefore it is up to the Co-operative Societies or the Government to have an All-India Co-operative Society with a number of provincial banks with an apex bank at the Centre, really attending itself to the needs of the population, to the financing of agricultural operations. The Reserve Bank in this regard has so far not addressed itself to that and had shown a cold face to it. I say now that it has become a State Bank. I am sure that the co-operative enterprise in the provinces will be enlarged and real

help will be given to the villages. Let us not be carried away by the course of another State and see which particular community or group of interests have been safeguarded. From the interests of the country as a whole it is not quite relevant to say that agriculture also must be brought within the scope of this Bill. It is enough we thought that the co-operative societies ought not to be brought within its purview, because it is likely that the Reserve Bank Act which has so many sections has not done anything towards agriculture. If therefore power is given to the Reserve Bank to impose its own terms and conditions, I am not sure whether the co-operative societies will flourish in these conditions and we allowed these co-operative societies not to come within the purview of these banks.

So far as commercial banking is concerned, we have really appointed the Reserve Bank as the Superintendent of all Banks. As honourable members may know this legislature has appointed a Superintendent of Insurance Companies. It is his job to check and supervise. Likewise the Reserve Bank is the watch-dog of our interests, but today we have a right to say that it is our own Government and it is our own Reserve Bank which is now the watch-dog of the interests of all banks and the community at large. Unless I become a Minister myself, I may not be satisfied with the appointment made by any other minister. That very often happens. Even if it is possible, I have to do a number of things, not according to my own choice, but according to the advice that I have to receive. Therefore, if any directors have been chosen from the old set and new blood has also been infused, there can be honest differences of opinion and the Honourable Minister can have no motive except the best interests of this country. We will wait and see if the present directorate does not change its attitude towards the public. It is our property and we have control. We can dismiss those people whom we have appointed. Therefore, let us not say that it is a wrong step that was taken. (*Shri T. T. Krishnamachari*: They are tenure appointments.) We can have an amendment tomorrow. We sometimes feel that we are a sovereign body and the next moment we are absolutely so depressed that we have no powers at all. I am not a pessimist. I believe we have taken the right step, when we nationalised the Reserve Bank deliberately. We did want, as a second step that the Imperial Bank should also be nationalised. We convinced the previous Minister and he agreed. Our present Minister has always been noted for his socialistic views, but I feel we must not attribute motives. I and Prof. Ranga are good friends, but when he refused to speak to me tomorrow, it is not right to impute motives and if I turn the search-light in the mind, I will find the cause of his change of attitude. Therefore, I am not prepared to accuse the Honourable Minister and I know he has always taken the line that we must go on towards socialism. I don't see why he should change. I tried to ascertain from him. He says that in the nervous state in which we find ourselves, after we have assumed charge of this administration of ours—it is no doubt a triumph—let us wait and see. There are two ways of taking his money, immediately we will distribute or allow him to grow fat. There is a Telegu proverb: The ram is allowed to grow fatter and fatter, for whose benefit? For the man to eat it.

Therefore, he is not going to go away with this money. If not ourselves, at least the future generations will get hold of him. It is not even a long range policy. Two years is the time that the Honourable Minister wanted and if possible, it will be earlier and in this troubled state of affairs and the nervousness in the market, we do want to produce much more by way of agricultural produce and industrial produce from end to end. But unfortunately we have not progressed in that line. There is some justification for it; not that I am trying to justify it. On account of the 14 per cent dividends, the price of the five hundred Rupees share has gone up to Rs. 2,500; now it has come down to Rs. 1,800. The middle class men have invested their money in the shares. Are we to say, I am going to reduce it immediately so that it

[Shri M. Ananthasayanam Ayyangar.]

may come to a very low figure. There is another point. On the strength of these securities, banks have lent. If suddenly the dividend drops down, the banks will ask for further securities. That is the way in which small banks fail. In Calcutta, a number of small banks, 180 or so, —I do not exactly remember the number— they all collapsed for this reason. Suppose I want to draw money from a bank. I pledge with the bank the securities with me. If the securities are guilt edge securities, the banks lend up to 90 per cent. of the value. If the value is failing down, they will say it is not even worth 40 per cent. and demand of me additional security. I am at my wits end to get the additional security and therefore I collapse. This is a point which we have to keep in view. I have been accustomed to argue for both sides and that is why I am pointing this out (*An Honourable Member*: Whose case are you arguing?) I am only warning my friend Mr. Mody, let him not be happy before he is out of the wood. These are the considerations for which our Finance Minister thought that it is too early to embark upon the nationalisation of the Imperial Bank. Honourable members will also see that it is in reply to my question—I do not claim any credit for it—only I put the question—it did not come before the House as the question time was over —I got the written answer and I am satisfied with that—that the Honourable the Finance Minister said so. I am anxious that the Imperial Bank should be nationalised on account of the fact that the Europeans are still ruling. During the war time they had all the benefits of us. The money was ours; but the enjoyment was theirs. The Exchange Banks do the same thing. It is like this. I build a house, but somebody else occupies it. At least I wanted a change now. The Honourable the Finance Minister assured us outside this House that he would try to see that it is completely in the management of Indians as early as possible. Any way, Professor Ranga suggested that for the present we will be satisfied with Indianisation and so on.

Prof N. G. Ranga: I did not say so. I want the nationalisation of the Imperial Bank; you are watering it down.

Shri M. Ananthasayanam Ayyangar: I am sorry if I have understood him otherwise. I do want nationalisation of the Imperial Bank; I do not want to get out of that position. But, I am satisfied if the Honourable the Finance Minister, who has to pilot us through these troubled years, says, wait and see, and I am prepared to accept it. That is my position.

Now, let me proceed to the other point. Apart from nationalisation, we have practically given enormous powers to the Reserve Bank under this Bill. Without going into details, we have given enormous powers at every stage regarding policy, regarding programme, and we have made the Reserve Bank the guardian of all interests, whosoever it may be, depositors, shareholders, and the people at large. We have added a new clause, clause 21, in the Select Committee which says:

"Where the Reserve Bank is satisfied that it is necessary or expedient in the public interest to do so, it may determine the policy in relation to advances to be folowed by banking companies generally or by any banking company in particular and when the policy has been so determined, all banking companies or the banking company concerned, as the case may be, shall be bound to follow the policy as so determined."

Further on, the clause says:

"The Reserve Bank may give directions to banking companies, either generally or to any banking company or group of banking companies in particular, as to the purposes for which advances may or may not be made, the margin to be maintained in respect of secured advances and the rates of interest to be charged on advances, and each banking company shall be bound to comply with any directions so given."

As regards formation, even at the formation stage, the Reserve Bank can insist on certain capital; but we have tried to make it easy for smaller companies to come into existence. There are the licensing provisions. I believe Professor Shah wants that so far as the foreign companies are concerned, they must be registered under this Bill. I will also agree to their registration; but we thought that the licensing provisions are quite sufficient. We have made a provision that no company shall carry on banking business unless it holds a licence granted by the Reserve Bank, that every banking company in existence on the commencement of this Act before the expiry of six months from such commencement and every other company before commencing banking business shall apply in writing to the Reserve Bank for a licence. We thought these provisions were sufficient to see that the foreign companies would behave properly and not walk away with our funds to our detriment. There are also many other provisions regarding the reserves. There is nothing to prevent us from changing the provision and insisting upon their registration in this country. I myself have appended a minute of dissent on two matters. I want that our auditors must audit those banks. The English Banks or foreign companies who have not registered themselves here must also be made subject to the licensing rules and so far as auditing is concerned, our men should audit their accounts. As at present, there is no knowing as to how their accounts are being manipulated and whether they are kept properly or not. If the Honourable the Finance Minister agrees to our own auditors looking into their accounts and reporting to us so that we may have sufficient information to see whether the licensing provision is enough or if a more stringent provision is required, I think it is all right. I hope the Honourable the Finance Minister will accept the amendment. As regards opening branches also, power has been given to the Reserve Bank. Where one company has worked as a pioneer, another also tries to start a company there. That is the case in the case of Transport also. Power has been given to the Reserve Bank to see that Banks do not overlap. Where there is a branch of a Bank catering to the needs of the people in that locality, let there not be anotber branch also, to compete with the other. Power has been given to the Reserve Bank to spread the various branches of the Banks over this continent so that they may be really useful to industry and commerce, (*Shri B. Das*: "And show partiality to the Imperial Bank!") A dark man would never show partiality unless he changes his colour: but the colour often changes.

As regards administration, there is a provision which says that the Reserve Bank can fix the remuneration of the managing agents. We cannot fix a remuneration. In our parts there is a saying which goes thus: A man who draws the honey. (*An Honourable Member*: "After the sting." Yes, after the sting. Big companies will have to pay more on account of the huge resources; a small company cannot pay so much. Therefore, you cannot fix a definite percentage. One per cent of a crore would be more than ten per cent. of Rs. 1,000. Percentage by itself, out of its context may not mean anything. We therefore found it inconvenient to lay down a hard and fast percentage, and have left it to the Reserve Bank to see that the amount charged over the management is in keeping with the resources of that company. That is what we have done. But Professor Shah says there must be something for employees. I agree. We have come to a position, and Mr. Mody will accept it, in the industrial policy that is laid down, where all the interests are represented. We said that hereafter employees or labour must be made partners in business along with capital. I agree that this must be done also in banking concerns. But it must not be left to their selection. The Government may nominate in the first instance and there is some force in my friend

[Shri M. Ananthasayanam Ayyangar]

saying that the depositors contribute the largest amount of money. A banking concern does not run its business on account of the paid-up capital it receives but it depends more on deposits. These deposits are more than ten times the share capital. Therefore we should not leave it entirely in the hands of people who originally purchased the shares and who actually have nothing to do with the management except that they brought the concern into existence and that they meet once a year and pass a vote of confidence in the Directors. Therefore, there is justification for the claim that the depositors who are the main contributors to the concern must also be represented on the Bank directorate. But I would say, if the Honourable Minister finds it convenient that the Government may nominate one or two on behalf of the depositors.

Shri B. L. Sondhi: And immediately he takes away his deposit he can go!

Shri M. Ananthasayanam Ayyangar: Many a man, once appointed a director will continue to be so for the period that he is appointed.

Shri B. L. Sondhi: You mean that his deposit is locked up?

Shri M. Ananthasayanam Ayyanagar: That is all right There is always some convenience in any human institution. We are, however, trying to protect his interests. At any rate there will be a man there to find out if all the things are going right or if something is going wrong. The depositors must be represented in the directorate, and in the first instance that loose body may not be given the right to elect but may be nominated by the Government. There may be an employee director on the bank and a director nominated for and on behalf of the depositors. In that case, there is a case for going on with it.

The next point is about the dividend. However temporary a measure it might be, the Dividend Control Ordinance, which it is now sought to continue by a Bill, has been placed before this House and has been referred to the Select Committee. It is intended to deal with inflation for the time being. Its aim is six per cent. or the average of past two years, whichever is higher. If that is so, it does not touch our nine per cent. The Imperial Bank paid the last time 14 per cent. dividend and it will again probably pay another 14 per cent.: so 14 and 14 will be the same 14 per cent.! My friend, Mr. Ramalingam Chettiar gave his support to this under the expectation that it will go down. With his experience in this field, he thought that persons who were capitalists would reduce the nine per cent. to six per cent. It is a wrong step. All the same, if by that we are.....

Shri T. A. Ramalingam Chettiar: He has misunderstood me. I said the Ordinance fixed six per cent. whereas we proposed to fix it at nine per cent. here. I thought it was incongruous. It ought to be less than nine per cent. So I agreed to the deletion of the clause.

Shri M. Ananthasayanam Ayyanagar: The Ordinance does not fix merely six per cent. but six per cent. or the average of the previous two years, whichever is higher, not less. Therefore, I have no objection. My honest friend was honestly misled!

If my friend, Mr. Mody feels that the business in this country will revive and the country will flow with milk and honey, I have no objection to put myself personally speaking, to that inconvenience for some time. But in the Select Committee we can make certain changes and not confine it for one or two years. Inflation is not going to come down. The last time during the war when a similar measure was introduced, do you know how it was circumvented? Even the business of reducing the inflation was not achieved,

because whatever was not paid to the shareholder was done away with. A clerk drawing Rs. 60 began to draw Rs. 600. Once again the shareholder does not get the money and throw it into the market: the clerk gets Rs. 600 and he throws it into the market. Otherwise, the Managing Agent will take it. It is up to our friends who are running this whole show to feel that they are also guardians of our liberty and the freedom of this country. I was vexed to hear that a manager of a particular factory who for performing *Lakshmi Vritha* in the premises of his factory charged Rs. 4,000 but had the same performed by his wife in his house for Rs. 40. This is discreditable. Gandhiji's photo is there because he discarded wealth: the other man's photo is not there because he is the man who grabs wealth! If I had trained myself or my boy to run a bank I would run it with the ideal of service as my motto. I would be happy if I could by my service put one more moreel of food into another's mouth.

If my friend says, how can nationalization be effected, I would first nationalise him and leave him to manage the affairs. He should be able to say to himself that I have done my best and enough for my wife and my children. Hereafter I will place all my resources for the good of my country. What else is nationalization? It is not out of place to say when the late Pandit Motilal Nehru was asked to draw up a constitution for this country he was told: "And you want the Englishman to go? If they go what about the Army?" He said: "Certainly I am going to have an army." "Then how?" came the query. "This army is mine" said Nehru.

Therefore, Mr. Mody is mine. I will ask him to take charge of this. Instead of saying I will not work for less than Rs. 10,000, he will say: I have earned enough for my wife and children. I will now do service to my country. I do expect my own men to say this. They have to change their attitude. Whether from a socialistic point of view, or a communist point of view, or a religious point of view, there comes a stage in a man's life when he says: I have done enough for my wife and children. I now place myself at the service of my country. If anyone says this cannot work because of profit I bend my head in shame and say: profit is not my motive: service and sacrifice to the community is my motive. Whatever concessions I attain they have been drawn from the blood of millions of this country. If I have a surplus it is so much surplus taken away from the mouths of other mouths. If I have a surplus of milk I am taking away milk from the millions of other children in this country. If I have one more room in my house I am throwing out so many refugees into the streets in this cold whether. Let every one, who wants to justify himself as the citizen of this country come forward and say that I am not frightened of nationalization. Let him not sell himself for a mess of pottage. That change of attitude is expected. All the same I for my part am prepared to say, have 6 per cent. or take 8 per cent., I have no objection. But if he still persists in this I am afraid he and I may not be able to avoid the cataclysm that is going to come. It has already started in his province, which is a fertile field for all kinds of movements—communism started there, socialism started there, extremism starts there and also hard-boiled conservatism starts there. (*Prof. N. G. Ranga*: "Also R.S.S.") I may also say to the House that what has been done is all right.

Lastly, my friend Mr. T. T. Krishnamachari made a very beautiful speech yesterday. He spoke very well indeed. I wanted to oppose him as far as possible but I was converted. So far as the two points are concerned I am extremely obliged to the Honourable Minister for his being prepared to compromise on them. (*Prof. N. G. Ranga*: "Let him speak on his concessions.") So far as the concessions are concerned why don't you allow me to thank the

[Shri M. Ananthasayanam Ayyangar]

Minister in advance? The concession is this that hitherto in the banking Bill a person ought not to have voting rights of more than 10 per cent. and if ten persons have charge of a banking administration those ten become the rulers. Five plus one, six persons will control the destinies of any bank. All that my friend Mr. Krishnamachari wanted was that 2½ per cent. would be the maximum voting right of any man. Thus at least you guarantee that 40 persons will be in charge of the administration. Forty persons mean that the majority would be a matter of 21 persons. Instead of 2½ per cent. the Minister, I think, has agreed to five per cent. It will take time for him to feel that five per cent. is not enough. Anyhow I am satisfied with this assurance.

Looking at our banking assets in individual concerns. Originally in the Select Committee it was 20 per cent. No bank shall advance on the shares of any other concern or hold shares more than 20 per cent. either of its capital or of the capital of the other bank, because by five such companies the whole banking concern will be locked up. In the Select Committee it was raised to 40. Mr. Krishnamachari opposed it. Between 20 and 40 I would put the compromise at 30 per cent. The Honourable Minister is able I think to agree on the compromise. I thank him in advance. Sir I support the Bill as reported by the Select Committee subject to these modifications which may be accepted.

[*At this stage Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar.)*]

Shri T. Prakasam (Madras: General): I thank the previous speaker who has now taken the place of the Speaker in the Chair. He has enlightened me, who is a day too late in this debate, on both sides of the case. I thank him very much.

I was wondering why the Honourable the Finance Minister introduced this Bill at this stage and at this period of inflation and other monetary troubles. I was so glad to hear that this was a Bill that was drafted during the time of my good old friend Sir N. N. Sircar when he was the Law Member here. Eleven years have elapsed and during these eleven years the whole world has changed, the whole of our country has changed and even our position in the world has changed. This Bill is introduced to amend on the lines suggested 11 years ago. If the Honourable the Finance Minister had waited, perhaps, for another 12 months he would not have found it right to introduce a Bill of this kind to suit the present conditions.

Mr. Ayyangar spoke very nicely on both sides and tried to reconcile irreconcilable position. Let me tell the House that the inflation trouble started in our country more than 120 years ago when the English people began to establish their banking system in our country. Our people had then their own banking system in an excellent manner. They resisted very much and tried to prevent the establishment of the banking system on the British lines. I may tell you how inflation started at the very beginning of the establishment of this English banking system in our country.

In the three capital cities of India the English people established their banks, which the East India Company wanted to support, so that they might be enabled to carry on their trade and business in this country. The Government itself did all that they could to strengthen these banks and also make them the authorised banks. The reason was that the Government itself was in a tottering condition at the beginning. They were in need of 74

lakhs of rupees at one time. They could not get the money and they asked the Bank of Bengal to lend them this sum. But where would the bank get it. The Bank had no money. So notes were printed for 74 lakhs and this 74 lakhs was lent to the Government. This forging of currency notes without any backing or support behind it started then. That was the beginning of our inflation. Before the war inflation went up to more than 1,200 million rupees. We are in the throes of that inflation now. We do not know how we are going to get out of it or whether we are really in a position to get out of it. At this time this Banking Amendment Bill has been introduced and what is to happen now with these amendments? Sir Homi Mody got up and thundered and called upon Prof. Shah to explain wherefrom he got his knowledge of economics. I do not know what Prof. Shah would reply but we got every thing from Great Britain. When British banks were established inflation started and now even after 150 years of British rule here and after their having gone away we are still in the throes of inflation and we are not in a position to know how we are going to get out of it. To get out of it what is it that we should have done? What should we have done immediately after we sent away the Englishmen, their soldiers and their armies from here? When we took charge of the administration the first thing that should have been done was the nationalisation of the Reserve Bank, the nationalisation of the Imperial Bank and the nationalisation of every thing which would immediately give us relief. We have not taken that step. You were trying to explain how you members of the Select Committee were induced to take up this view. You tried to explain by saying that you did not wish to thrust the whole thing all of a sudden upon the country or upon the capitalists or upon the old bankers. I agree it is not possible to thrust anything all of a sudden and bring about a reform in a month or two or even in 12 months, but still we ought to have been on that road and not on a different road which has been taking us lower and lower into the ditch so far as the finances and the banking business are concerned.

4 P. M.

Now, Sir, after the British banking had been established and after the British people's influence had waned after some time, our own friends came forward. They established their own banks. They suffered and they grumbled. So long as the British were exercising their full influence in this country, their grievance was that they were not favoured by the Government. It was a matter of jealousy to drive away the English banking system and the Englishman from the top; it was in the interest of our own bankers—it was natural. In this world we are governed today only by competition and profiteering and nothing more and nothing less.

In that way our people got the upper hand in the banking system. They established their banks and they have been doing business in their own way exactly following the lines laid down by the English people so long as they were here. They became jealous of our banks, they became jealous of any other banking system that was introduced in this country. My honourable friend Mr. Ramalingam Chetty had been labouring for some time, whether here or elsewhere, to introduce something on a co-operative basis. But he was finding it somewhat difficult. These banks that had been taken charge of by our own people mostly, were jealous of these co-operatives. This co-operative banking system had continued successfully in many places and also worked successfuly. Long ago it was in Baroda that these rural multi-purpose societies were started—started not merely in theory but also worked up and they showed how they would benefit the ordinary villager, the ordinary cultivator, the ordinary coolies even. Even after that experience, we had not been able to make sufficient progress with regard to the establishment of multi-purpose societies.

We, Sir, in Madras established a Committee over which our esteemed friend Mr. Vijayaraghavachariar was the President. They struggled hard to

[Shri T. Prakasam]

evolve a system out of which the co-operative society system could be established and spread for the benefit of those rural classes who are the real millions of the country and for whose benefit everyone professes that he has started this bank and that bank; everyone says that it is all in the interests of the millions; you also said, Sir, "For whose sake are we doing all these things?". You are sitting there, we are all sitting here, we are all functioning for their benefit. Of course we must show that in action also.

Even the Preamble of the new Constitution says that the co-operative basis should be adopted in this country. The co-operative system is the one system that must be established in this country. You yourself were good enough to say, "Do bring this matter separately under the new constitution of the altered Reserve Bank Act". Why should they bring it? Why should any member of this Assembly be asked to bring such a thing? Is it not the duty of the Government? It is the duty of the Government that is struggling hard now to supply food, to supply cloth, to supply all the necessaries. I would ask the Finance Minister to tell us the amount he has been spending in the importing of the foodstuffs from outside countries. Rs. 110 crores to be spent for one year? Why not that amount be spent here for the better purpose of improving cultivation, growing more food and all that? You exhort through appeals and say, "Grow more food, grow more food, grow more food". Where do they grow it? You say that you are not able to give them the implements and you say you are not able to get the implements and to undertake collective farming. It is the duty of the Government. During the last three years of the food famine, it was the duty of the Government to have taken hold of lands that were available for cultivation and brought them under cultivation to grow more food. That was what was done in other countries when similar troubles arose, long time ago. Nothing of the sort has been going on here.

We have now been told that these amendments and small things would help industry in this and that way. God forbid, Sir, but let us save the country from these troubles. Why are not the Government advocating a clear and bold policy? If you wish to give food to the people, if you wish to give cloth to the people, you have to undertake a different policy altogether from the one which the Government have been undertaking until now. I am very sorry that we have been going on the wrong side of the road until now.

Mr. Ramalingam Chetty who has been working in the co-operative system, out of experience, pointed out how the co-operative societies or the co-operative banks had not been able to get real support from the Imperial Bank or even other Banks. They have been shifting for themselves. The co-operative system solves all the problems. The Honourable Dr. Matthai might understand it. The co-operative societies solve all the troubles of any Government which has got a responsibility to serve the millions of the masses of this country because the money is coming from the masses and not from a few capitalists in the capital cities of this country. In that way it was that the co-operative system had been struggling hard to raise its head during the last 50 years. Let me tell you, Sir, for forty years in the Madras Province where the co-operative system is very popular, it could not succeed because during the 40 years of its existence it could not get a collective share money of more than one crore. We have passed that stage also. The English days are gone, the Indian banking days are gone. I am advising the honourable Mr. Mody to look ahead, not to go under any wrong impression that this country is standing in the same old condition. Conditions have changed. Sometimes we cannot see with our physical eyes; you have to see with a vision which is not confined to the physical examination only. You have to change everything. The present banks must change of their own accord. If they had been studying

everything, they should have come forward saying that in this very measure they should have proposed a method by which the accumulated money, if I can call it money at all, is to go down to the masses from whom you have collected it in all the banks and which is standing to your credit.

With regard to this famine, I may say that three years ago when I took charge of the administration in Madras, there was worse famine and we were asked to shift for ourselves and we had to face the trouble although the Government had been spending crores of rupees before I came into office. Something was suggested to me by some wiser friends whom I had with me, "Start co-operative producers-*cum*-consumers societies. You will get money from the people; from the masses you will get money and with that you can convert those very fellows to give you all that you want and also supply other people's need." Let me tell you, Sir, and let the honourable members also understand, within four or five weeks, we could collect two crores of rupees in four or five districts on the East Coast; we could collect another crore in the West Coast. We could start those societies and they were paying dividends from the second month or the third month. If they had continued until now there would have been no famine in the whole of the Madras Province. But circumstances changed, the Government was overthrown, those who came into office had no sympathy with those societies. Those societies are not dead; they are still kept there without life, without functioning. My honourable friend Mr. Ramalingam Chetty was one of those who at first expressed himself against the working of these co-operative consumer societies. Luckily, later on, the honourable Ramalingam Chetty was appointed chairman of a small sub-committee to tour the whole area to examine the working of these societies. As an honest and good man, although he had expressed his opinion at one time to the contrary, he changed his view and he said that everything was good with regard to these societies and that they should continue. Such is the value of experience and work.

Leaving the people to themselves is no good; attempting to amend the Bills here is no good; no food would come out of it, no cloth would come, no distribution would take place. Let me tell the Union Government and the Finance Minister that fact. That is why I say all this is besides the point as it were. So far as the Bill is concerned or the amendments are concerned or your exposition is concerned and the way in which you are going to give protection from this side and that side, all this is more zero because they will not give us any relief in this country. You must change. Of course you are such a clever man, Sir,—I am addressing you although you are sitting in the Chair, for which you may please excuse me—you give a fight for everyone, in any direction as it were, "In course of time this will come, that will go". But we shall not wait, Sir. The present situation in the country should be handled immediately. I made a special application to the Leader to permit me to come and take part in the Budget debate at this time of the year. I have come with that object. The Budget will come at the appropriate time, but the Banking Bill has come.

This is the crux of the whole situation: the whole of the banking system must change. Whether we change it or not, the people are bound to change it; they will change it to make it serviceable all over the country. The milions have to be served, not a handful of persons here and there—the capitalists or the middle managers. That is the position in which we are placed. The Banking Amendment Bill is no doubt there. I have no voice—I had no voice in my own Province. People there had been suffering for two years now and the time has not come even for them to say whether they are alive or dying or whether they are dead. The time will come, if it comes at all. That is a thing which applies to all the Provinces, although it may be a bit worse in my

[Shri T. Prakasam]

own Province. That is the position in every province in every area; people are the same; they are suffering in the same manner. What are you doing in order to checkmate the inflation? You may carry out the amendments, you may pass this Bill which ought to have been passed 11 years ago, but all these amendments and other amendments will not, however, help the people, they will not help the country, nor will they help the Government either. The Government must take serious note of the situation—they have been taking serious note, I cannot accuse them of indifference—they have been telling the people how the country is coming into trouble financially. The other day in Gujerat the Home Minister, my friend Sardar Vallabhbhai was telling the people how the food famine had come upon them, how the cloth famine had come upon them and how they should have recourse to the old methods pointed out by the departed great leader of this country. Now, we are in that condition, and I thought I would express myself a bit to enable the honourable members and the Honourable the Finance Minister to understand exactly where we are and what is the effect of this Amending Bill and for whose benefit it is. I am afraid it is for the benefit of nobody. We are not able to see how we have to deal with the matter.

Sir, the question of the nationalization of the Imperial Bank, it was reported recently, has been postponed. Why was it postponed? Does the Government know the effect of the postponement of the nationalization of the Imperial Bank? It is very serious; it should not be postponed, it should be undertaken immediately. Sir, you have tried to explain it by saying that there would be difficulties in adjusting deposits and that there would be other difficulties. We have been witnessing these difficulties during the last half a century here in this country and even in this City of ours. Twenty years ago it was in this very hall—18 or 19 years ago—there was a very big debate on the Currency Bills and the increase of exchange ratio from 1s. 4d. to 1s. 6d. We fought to the end; by one vote they got the other way. What is it even if we had succeeded by that one vote? They had the power to say, "No, we don't care for your majority or for your voting". That was the thing that was done then. By increasing the exchange ratio from 1s. 4d. to 1s. 6d., by merely adjusting the accounts, Rs. 50 crores was the loss sustained by us. We have been ruined in this country through the legislation and the Currency Bill of Great Britain. Even after the arms and soldiers of Great Britain have left here, we are still in the throes of the same old Currency Bill, not yet come to any definite point.

I am very sorry that I am forced to say all these things on this Banking Bill debate. But this Bill is altogether out of place. We could have waited and seen. The Finance Minister could have waited and seen after another 12 months or two years to what condition we would be reduced. I have always been an optimist fighting against all odds everywhere and I do not strike any discordant note. But the Government should be aware of the forces that are gathering against us both inside and outside. If you want to prevent some disaster in this country you have to be ever more careful than until now in order to prevent it. If you want to prevent the communist menace, for the matter of that you have no alternative but to adopt the nationalistic programme of, having village co-operative societies and banks. It ought to have been the basis of our Constitution; as a matter of fact when we started our Constitution in the other House, co-operation should have been the basis of it. We have stated that in the Preamble; we have not cared to go to the root of it. I hope co-operation will become the basis.

It is only in that way that we can survive in this world. So long as we adopt the capitalistic monetary system and we continue to work under it, so so long as we adopt the British oath, the British this, the British that and the

British everything including the adaptation of the 1935 Act, we shall have no salvation.

With these remarks, I resume my seat.

Shri Prabhu Dayal Himatsingka (West Bengal: General): Mr. Deputy Speaker, Sir, I wholeheartedly support the motion for the consideration of the Bill. Some honourable members have pointed out certain lacunae in the Bill.

One was that it does not make provision for operations of money-lending and money lenders and does not provide for agricultural banks and so on. You, Sir, in your speech have met those points and have pointed out that this Bill seeks to make provision for what are known as "commercial banks" and seeks to consolidate the law relating to such banks. At the present moment, these are the more important banks functioning in big and smaller towns and helping commerce and industry and the present Bill seeks to consolidate the law and provide for the supporting of different interests involved in such banking.

My friend Mr. Krishnamachari who was a member of the Select Committee was pleased to say that in some instances, this Bill is a retrograde measure. I have not been able to follow in what respect and why he thinks so. It has sought to meet different points of view, and it has almost met in all respects the considered view placed before the Select Committee by the persons who know banking and who are running the more important banks in the different parts of the country. It was said that certain provisions regarding advances to be made by the banks and other provisions might be misused. As you pointed out, Sir, Section 21 has made ample provision for putting a check in any particular case or in a group of cases or by Banks generally if such action be found to be necessary at any stage. The Reserve Bank has been given power to issue directions as to the extent to which advances can be made to a particular company or any particular shares and at what rate of interest etc. There are other provisions about inspection and report. Some of us in the Select Committee wanted the Reserve Bank to be given further powers to carry out annual inspection and also in cases where any bank came into difficulty the Reserve Bank was suggested to take up the liquidation work. It was however pointed out that the Reserve Bank do not have the necessary staff and also the necessary equipment to discharge the obligations that would be cast on it if this provision was made in the Bill. That was the only reason why the Select Committee had to give up the idea. We from Bengal know that in cases when banks go into liquidation or when certain schemes of settlement are put through by orders of the High Court, the Directors who put forward such schemes manage to carry on in the old way, because there is no proper supervision and it is not possible for the court, unless some litigant or some party brings it to its notice, to intervene. So if it had been possible for the Reserve Bank to take up this work it would have certainly helped in a number of ways to safeguard the interests of a large number of shareholders and depositors.

Prof. K. T. Shah pointed out that the Bill has not made provision for Directors, advances on agricultural commodities and various other things. No doubt, co-operative societies have been doing useful work wherever they have been functioning properly. Where they are not, they are in a moribund condition. It all depends on who is in charge and how the particular institution is run. The charm is not in the word "co-operative society" but in how it is run. A few years ago, the banking habit was very much wanting. Now there is what might be called the banking-mindedness in the country, thanks to these banks, and the more the banks spread out, the greater the tendency will be to take to banking and that will go a long way in helping to start co-operative societies in different places. Therefore this Bill which seeks to consolidate the provisions relating to banking should have the support of the House.

[Shri Prabhu Dayal Himatsingka]

As you will notice, the present Bill seeks to regulate capital and has made provision for reserves. It has also laid down the cash roserves that must be kept by every bank. A licence system has also been introduced whereby control can be exercised on banks. If any bank acts in a manner detrimental to the interests of the country, the Reserve Bank will havo power to cancel the licence and stop such a bank from functioning. Similarly, there is provision to inspect and make a report and on the basis of such report power is given to Government to take action.

I am afraid some of the provisions have not been properly understood which accounts for Prof. Ranga taking exception to Section 53. As you will see from the Select Committee report, this Section has been introduced as a matter of caution. Exemptions may be needed in the case of industrial finance corporations, land mortgage banks, housing societies and other like institutions which obtain deposits from the public. This provision will enable Government in suitable cases to exempt such institutions from the operation of the Banking Act or some of the provisions which may stand in the way of the proper working of such institutions. That is why power has been given to Government on the recommendation of the Reserve Bank to exempt such institutions. The Reserve Bank is a nationalised Bank. The Government is a national government. If we cannot trust our own government, if we cannot trust the Reserve Bank, then I do not know whom we should trust.

The Bill is definitely an improvement on the existing law and it has tried to meet different points of view. As regards auditing, you will remember that a suggestion was made that at least the Indian portion of the business done by a foreign bank doing business here should be audited by an auditor, and so far as I remember, the suggestion was made that the Chartered Accountants Bill that has already been introduced will meet the requirements.

If need be, the Honourable Minister should consider whether or not he should make a provision for making it compulsory for the Indian portion of the business being audited by an auditor registered in India. With these remarks I wholeheartedly support the Bill.

Shri Moturi Satyanarayana (Madras: General): Mr. Deputy Speaker, Sir, I had no intention of making any speech at the fag end of this debate. But I have a duty to perform in associating myself with this debate, especially in congratulating the Honourable the Finance Minister who has brought forward this Bill.

I have no pretension to speak either on the theory of banking or on the practice of it. All the experience I have in life is confined to approaching people who have money and who are bankers favoured by fortune to help me discharge my duties as guardian of public institutions. I have done a good deal of collection work on behalf of public institutions. During my experience all these thirty years I have had revelations as to the manner in which the country's money and the country's enthusiasm can be misused and abused and exploited.

In the year 1946 when I was going about collecting funds, I visited Bombay on the advice of a friend of mine who said that that place was the best for collecting donations. While on that mission I was going from one locality to another, I fell into friendly hands and was directed to go to Dalal Street where I was told that there was plently of money and that I could collect in five minutes thousands and lakhs of rupees. I accordingly walked into that street and met a friend who was a sharebroker. I found there hundreds of people howling without any kind of intelligibility in a language which I could not follow. This sharebroker friend came to my rescue and informed me that they were all

doing business in lakhs and crores worth of shares. He explained to me how he himself was doing business with the shares of a particular industrialist or moneyed man. I heard all the details of the business from him and ultimately came to the conclusion that that was a place where sane people could not live even for a few minutes. I was not a little surprised to know that those brokers were getting money from the banks, though it all belonged to the depositors. On the credit supplied by the depositors those brokers were either making fortunes or getting ruined. I thought to myself then that if the banks are doing such mischief, why should not Government take action against those who were responsible for it. I had a faint idea that the Reserve Bank had some control over those banks and so I tried to contact the Governor of the Reserve Bank and sent in my card. He, however, refused the interview because I had no credentials. I got disgusted with the affair. My idea in seeking that interview was to ask him whether he could stop the banks from advancing money to the share-brokers and enquire how he could encourage people in gambling in that manner. Subsequently I met him and he told that he had sent a circular authorising a restriction on such advances to the share-brokers. A few days later I met my share-broker friend and asked him why they did business in that manner. He felt very enthusiastic about my question and asserted that unless and until we had a share market and a stock market it would not be possible for our country to flourish. In his view the liquidity of the money and the circulation of the money was to be judged in terms of what was happening in the stock market which was the nerve centre. I could not appreciate what he said, but a number of people seemed to appreciate it hoping to make lots of money without doing any work or using any kind of labour. That is the theroy on which the stock market is built up. Now I am glad to see that this kind of gambling with other people's money is going to be stopped to some extent by this Bill. It is for this I thought I should congratulate the Honourable the Finance Minister and thank the Select Committee for its useful labours.

I was watching with great interest the part played by Professor Shah in the consideration of this measure. His reputation for academic theories is known throughout India. I watched also the efforts at explaining his point of view by the honourable member Mr. Mody. His great sympathies and talents for building up capitalist institutions are very well known. I must say that I was very much disappointed with his speech. I have every sympathy for the capitalists to whom I very often go for collecting donations. But I was very much disappointed by his pleading. Capitalist institutions are good and therefore we must encourage them if we could get an assurance from them that they would do some public service. It is true that there is still room for hope. But we only see wealthy people using their wealth for increasing their own comforts and pleasures. That is the reason why there is so much reaction and antagonism against the moneyed people. If they had used their wealth for the purpose of serving the people whose care they have to take, probably so much of antagonism would not have been aroused in this country and the capitalists would not be sitting solitarily here.

I was just watching as to how this debate which is now being carried on here will finally help me in understanding what exactly was the banking position in this country going to be. My own feeling is that much has been said about the co-operative societies. My own experience tells me—I also come from the province from which Shri Ramalingam Chettiar comes and who is a veteran co-operator and who has built up a very great co-operative movement, especially a province which has been very well known for its co-operative movement. But between the co-operative societies and the banking societies today, there are money lenders and probably the money lenders are not at all touched by this

[Shri Moturi Satyanarayana]

Bill, but banking that is supposed to serve the commercial interests today probably is dealt with in this Banking Bill. This commercial banking, though they are supposed to be very antagonistic to the ordinary common man's interests, they have also their own competitors, namely, the foreign exchange banks. My close touch with those people who have banking experience tells me that the foreign companies compete very severely with the local banking and they are able to lend at much cheaper rates and they also take away a lot of money from the indigenous banks. I see that this foreign banking has not come within the purview of this Banking Bill. They also get help and support from the foreign business men and also from the Government and therefore, they are able to give at a cheaper interests a lot of money which they are able to gather in this country itself. It has also to be checked and it has also to be brought under control.

Another point which I want to mention in this connection is that the Reserve Bank was nationalised. Every day its functions and its duties are being increased. Now this banking control also is made a part and parcel of this Reserve Bank, but I do not know whether it will be possible for the Reserve Bank to expand itself in such a fashion as to take complete care of all the indigenous banks in this country and put itself in the position of a care-taker and watch-dog of all the interests of the depositors of the banks and shareholders and the trade interests and the business interests and the industrialists. Is it not possible for the Government to create a separate department for the banking development, so that the banking in this country may have exclusively a separate entity of its own and have its deep seat in this country without any question of mutual competition with each other, so that all the liquidity of the money, of the monetary organisations of this country and all the money that is necessary to be put in the market for the purpose of making the distribution of the goods easier and for the purpose of creating the necessary incentive for work more possible, and organisation, which would be different from the Reserve Bank? This is the suggestion that I want to make before this House for the consideration of the Honourable the Finance Minister, so that a separate department may be built for the purpose of organising the indigenous banking, for the purpose of organizing the banking, for the purpose of seeing that money lending in this country is put on a proper, legal, more fruitful and productive basis, so that it may ultimately take hold of the whole monetary organisation of this country. With these words, Sir, I want to support and I want to congratulate again, the Honourable the Finance Minister for having brought out this Bill and if I have got to say anything, I would like to participate in the debate at a time when the amendments are moved and debated.

Shri Arun Chandra Guha (West Bengal: General): Mr. Deputy Speaker, Sir, I give my support to this Bill as it has come out from the Select Committee, and I congratulate the Honourable the Finance Minister on his having been able to go through the Bill to a final stage. This Bill, as has been pointed out, has a chequered career and it has been pending in some way or other for about ten years or more. There has been some criticism to some of the provisions of the Bill and I can say that no Bill or no human work can claim perfection.

Sir, coming from a province which has some special banking problems, I feel that I must place before the House and before the Government those problems. Particularly, I want to draw the attention of the Honourable the Finance Minister to the banking problems of West Bengal. In addition to some political and natural calamities that have be fallen my province, it has recently experienced a serious financial crisis through the failure of about 50 banks including 5 or 6 scheduled banks. Sir, I feel that the Government and the Reserve Bank have not acted properly and promptly; if they had taken

proper precautions in time, my province would have been saved from such a huge calamity. Lakhs of middleclass people have been practically ruined. Bengal being a middle-class province, its economic life rests primarily on middle-class. Even in this Bill, I would have liked some more provisions added particularly for the Reserve Bank taking some more responsibilities and some more obligations. I would have liked to see the Reserve Bank provided with the responsibility of having regular inspections of all the banks. It might be annual, triennial or biennial; or some other periodical inspection should have been provided. But as the Reserve Bank has not sufficient staff, the provision has been made that the Reserve Bank can inspect any bank whenever it likes or whenever the Government of India directs it to do so. In that case, I want to point out to the Government and to the Honourable the Finance Minister that such inspection is mostly interpreted as something like a danger signal. Even though regular and normal inspections have not been provided in this Bill, I would ask the Honourable the Finance Minister and the Reserve Bank authorities that they may so conduct the inspections that any inspection may not create panic among the depositors. They may inspect the banks so that not only the banks which are unsound and which are in danger would be inspected by the Reserve Bank. Even sound banks should also be inspected occasionally, so that the depositors may feel that inspection by the Reserve Bank is not really a danger signal.

Another point, Sir, particularly from my experience in West Bengal, is that in all cases of liquidation, the Reserve Bank ought to have been made the official liquidator. Here also the objection has been that the Reserve Bank has not sufficient staff; but I feel that the Reserve Bank should have taken this responsibility; at least for Bengal, the Reserve Bank should take greater responsibility. I know of several cases where the liquidation process has taken years to complete and in this long process of liquidation, depositors have lost heavily and they would have saved a great deal if the liquidation proceedings were expedited.

There is another point, Sir. I feel that the smaller banks should be saved; particularly in the case of Bengal, these smaller banks have a duty, an obligation and some useful purpose to fulfil. At the present time, most of the banks in Bengal are merely doing savings bank business. But a bank is not a safe deposit vault; it has some economic function also. It has got some industrial and commercial function to perform. As far as I can understand, the Congress point of view is to encourage small scale industries, cottage industries and agricultural products The economic need of the country is also to encourage small scale industries, cottage industries and agricultural production. At least in the case of Bengal I can say, these big banks are of little help in that respect; and the small banks have a very useful function to perform— I cannot say for other provinces. The smaller banks of Bengal are now in a very precarious condition. I do not know if the provisions embodied in this Bill would be sufficient to give them protection and keep them alive. If not, I would request the Honourable the Finance Minister to look into the matter and see that the smaller banks of Bengal may be saved so that they may fulfil a very useful purpose in the national economy.

In this connection, though not quite germane to the debate, I must mention another thing. The banks that have closed their doors or suspended their business, have ruined thousands of middle-class families who deposited their money in those banks. But, those persons who were incharge of those banks, those managing directors, managers, none of them has become poorer; every one of them has become richer. They are guilty of bungling if not of deliberate dishonesty and deliberate corruption. There ought to have been a public enquiry as to why so many banks have failed. About 25 or 30 crores of poor men's money have gone to some bottomless pit, and those men who

[Shri Arun Chandra Guha]

have been responsible for this disaster, are now rich men; and they are flourishing and doing other business. I would request the Reserve Bank authorities to hold an enquiry into this affair.

As regards the provisions of this Bill, some of the items have been already dealt with. I do not claim to be an expert in banking and therefore it is not proper for me to discuss all these things in detail. I would like to touch two or three items, particularly one. The Reserve Bank has been given authority to supervise, inspect, give directions and also it has been given certain obligations. This I hope is the first step towards the nationalisation of banking concerns. Ultimately we shall have to go to that. Banking is an important and vital factor in national economy. Unless we can nationalise all banking concerns, it will be very difficult for us to develop a nationalised economy. The Reserve Bank has been nationalised. Government and Congress have accepted the policy of the nationalisation of the Imperial Bank. It may be deferred by a few months, but ultimately, it will be given effect to. I hope these obligations and responsibilities that have been put on the Reserve Bank under this Bill will ultimately lead to the nationalisation of all banking concerns.

Some restrictions have been put on the opening of new branches. From my experience of Bengal, I can say this is a very healthy restriction and a very healthy provision. All sorts of branches are being opened simply in a competitive spirit without due care and precaution. The Reserve Bank has now been given authority to give licences for opening new branches. With these few remarks or points which particularly concern Bengal, I commend this Bill to the House and I congratulate the Honourable the Finance Minister on his having been able to complete this very useful piece of legislation which has been dragging on for the last eleven years. I support the Bill.

Shri R. K. Sidhva (C. P. and Berar: General): Sir, as regards this Bill, much has been said about nationalisation of Banks and my honourable friend Professor K. T. Shah has very ably advocated the cause of nationalisation. I shall not therefore deal at great length with this matter. However, I will be failing in my duty if I do not express very briefly my views about the nationalisation of banks.

Sir, it is not correct to say that money will not be forthcoming from the country if the banks are nationalised. The country has enough wealth in the Banks; I mean the scheduled banks; I am not talking of those small banks. There are eight hundred crores of cash money in deposit with these banks. Apart from this, there is individual wealth not deposited in the public banks. You can therefore see that this 800 crores belongs to the public and it is national wealth and if it is properly utilised, it can increase our national wealth. The other day, I had been to Jaipur to attend the Indian National Congress session. While I was strolling in the compound of the bazar, I found four boards of banks, the Jaipur Bank, United Commercial Bank, The Udaipur Bank and one or two more. As a curiosity as to why in Jaipur, a small city, there were so many banks—whether it is merely for the purpose of advertising the banks or whether there were really so many banks—I made enquiries and I found that Jaipur is doing the largest banking business, and largest button banking business in the whole of India. I made further enquiries whether it was merely speculation or it was really business. I was told that every day, tram loads, plane loads of silver bars actually come from Bombay to Jaipur and actual business is done in silver and also speculation. I was convinced that there was so much wealth in Jaipur, cash money, that the residents of Jaipur who are businessmen generally do not put the money in the banks, for the purpose of gaining interest, but they put it in some trade or some industry. There is so much money in Jaipur city itself that in one bank the Jaipur Bank, I was

able to find that there were seven and a half crores of Rupees as deposits. You can very well understand the money power with the people of this country. If one Jaipur city can have seven and a half crores in one bank, it is all bunkum to say that we cannot run national institutions on national lines. It surpasses my comprehension to believe such a thing. We are rich in minerals; we are rich in material wealth, that is money.

Mr. Deputy Speaker: The honourable member will continue his speech tomorrow. The House is adjourned till 10.45 A.M. tomorrow.

The Assembly then adjourned till a Quarter to Eleven of the Clock on Thursday, the 10th February, 1949.

GIPD—LAD—91 LAD—9-7-49—906